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Crain's International Newspaper of Marketing · In Two Sections · Section 1 · $2.00 a copy

Campbell drops 3 shops

By Judann Dagnoli

Campbell Soup Co. bid farewell to DDB Needham Worldwide, Hal Riney & Partners and Saatchi & Saatchi Advertising late last week as it reassigned $35 million in billings in an agency consolidation.

With the move, Campbell trims its roster from eight agencies to five.

The big winners in the realignment are FCB/Leber Katz Partners and BBDO Worldwide, New York.

FCB/Leber Katz, already agency for Prego spaghetti sauce, picked up $19.5 million in additional Campbell business, including the $11.5 million V-8 vegetable juice account from Saatchi, London, and the $8 million Souper Combos account from BBDO. The additional business brings FCB/Leber Katz's total Campbell billings to $29.5 million.

BBDO's loss was more than offset by the addition of the $8 million Swanson frozen food account from Riney, San Francisco, and the $7.5 million Mrs. Paul's seafood business from DDB Needham, New York.

BBDO already handled Home Cookin' and Chunky soups; it now has $36.5 million in Campbell billings.

Assignments for the company's other agencies are unchanged.

Backer Spielvogel Bates, New York, continues on Campbell's flagship $30 million red-and-white soup account; Ogilvy & Mather keeps its $15 million Pepperidge Farm business, the $5 million Great Starts account and the $8 million Le Menu assignment. W.B. Doner & Co., Southfield, Mich., continues as agency of record for Vlasic Foods.

Margeotes Fertitta & Weiss, New York,

(Continued on Page 56)

What's behind roster cuts

By Julie Liesse

Campbell Soup Co.'s decision to pare its agency roster is part of a growing wave of consolidation by the nation's leading food marketers.

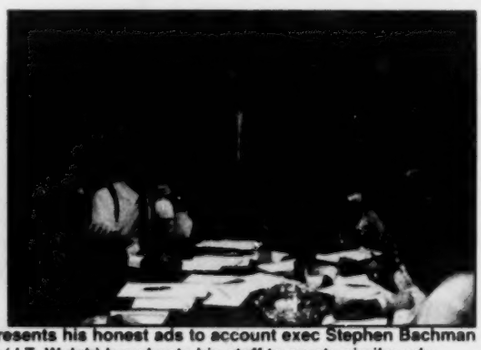
"There seems to be an increase in the incidence of food companies trimming their agency rosters," said Brian Goodall, exec VP at Bayer Bess Vanderwarker, Chicago, a core agency for Quaker Oats Co. "This may just be part of food companies' overall attempt to get leaner and meaner."

Sara Lee Corp. and Ralston Purina Co. are now involved in agency reviews, and Pillsbury Foods consolidated its food products at Leo Burnett USA, Chicago, last fall. Pet Inc. named D'Arcy Masius Benton & Bowles, St. Louis, its agency of record earlier this year, replacing a number of shops.

Sara Lee's European coffee and groceries unit last year consolidated $100 million in spending at four agencies, down from more than 40 (AA, Jan. 9, 1989).

The agency world is waiting for the biggest shoe to drop—if and when Kraft

(Continued on Page 56)



© Paramount Pictures

Emory Leeson (Dudley Moore) seals his fate (l.) when he presents his honest ads to account exec Stephen Bachman (Paul Reiser). Later, agency President Charles Drucker (J.T. Walsh) browbeats his staff to create similar ads.

'Crazy' idea: truthful ads

By Marcy Magiera

Ads are the stars in Paramount Pictures' "Crazy People," a zany movie starring Dudley Moore that could be subtitled "How to get ahead in advertising."

It may also start tongues wagging about the ethics of advertising.

Mr. Moore plays an agency creative named Emory Leeson with a familiar problem—he has to produce great ads for several clients, is on deadline and gets stuck for an idea.

With his back against the wall, he resorts to . . . truth.

The result: An ad for Volvo North America Corp. that calls the cars "Boxy, but good," and notes that while Volvos aren't very sexy, in this day and age of disease sexy isn't all it's cracked up to be.

Sexy is, however, a selling point for Jaguar Cars, another client (which apparently sees no conflict with Volvo). Mr. Leeson produces a Jaguar ad that promises, "You'll get hand jobs from beautiful women you hardly know."

Another ad, for Procter & Gamble Co.'s Metamucil, takes a direct tack: "It helps you go to the toilet. If you don't use it, you'll get cancer and die."

Even comparative advertising gets Mr. Leeson's brand

(Continued on Page 55)

Yellow Pages group offers brand buys

By Patricia Strnad

TROY, Mich.—The Yellow Pages Publishers Association is developing a rate card for brand advertising as it gears up for a nationwide test of brand ads in Yellow Pages directories.

The trade group, representing publishers, authorized sales reps and suppliers, is collecting rates for half-page brand ads from publishers in the top 25 U.S. markets. The rates will be compiled into a single rate card.

For the first time, advertisers will have the option of placing their brand ads regionally, nationally or in individual books. They will receive one bill.

Within 60 days, the Yellow Pages group will pitch the category-linked, "brand-sell" concept to package-goods marketers and hopes to line up three-to-five advertisers for the 18-month test.

National brand advertising isn't expected to generate significant additional revenue for Yellow Pages publishers. Instead, the test is intended to show package-goods marketers the power and reach of the medium.

The association has hired two independent research companies to monitor the ads' reach and effectiveness. Each advertiser will specify what it hopes to gain from the test; research will be tailored to that advertiser's goals.

"We realize that a lot of the $60 billion-plus being spent

(Continued on Page 55)

LAST MINUTE NEWS

Schering unit sets review

MADISON, N.J.—Schering-Plough Corp. confirmed the company is reviewing consumer-products ad agencies following last fall's merger of its personal-care and over-the-counter drug operations into Schering-Plough HealthCare Products. The unit had combined billings of more than $50 million last year, reported LNA/Arbitron Multi-Media Service. Agency sources expect the company to announce a roster consolidation and believe a decision could come as early as this week. Agencies include: Ketchum Advertising; Warwick Baker & Fiore; Messner Vetere Berger Carey Schmetterer; Della Femina, McNamee WCRS; Levine, Huntley, Schmidt & Beaver, all New York; and the Bloom Agency, Dallas.

Easdon leaving HHCC

BOSTON—Don Easdon, exec VP-creative director at Hill, Holliday, Connors, Cosmopulos, has resigned. Mr. Easdon, 41, last month returned here from the agency's Marina del Rey, Calif., office where he supervised Nissan's Infiniti account (AA, March 19) to work on new business and other projects. He isn't believed to be seeking work at another shop but couldn't be reached for comment.

Alcohol ad warnings sought

WASHINGTON—Legislation to require warnings in alcohol ads was to be

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INSIDE

Bell bomb ..... P. 4
Baby Bells drop JWT after Congress reacts negatively to their advocacy campaign.

Point of view ..... P. 16
Will Europe be Americanized in 1992, or will cultural differences win out?

Maples takes cover ..... P. 34
The "other woman," Marla Maples, takes the magazine Cover Story crown in March.

'Enquirer-Star' team to bring both clout

By Scott Donaton

G.P. Group is likely to create a combination ad package buy for the *National Enquirer* and *Star*.

The acquisition of the *Star* by *National Enquirer*'s parent company could bring more respect and national advertising for the two supermarket tabloids.

Rupert Murdoch's News Corp. last week said it had agreed to sell the *Star* to G.P. Group, publisher of the *National Enquirer* and *Weekly World News*, for $400 million in cash and stock.

Macfadden Holdings, backed by Boston Ventures Ltd., acquired G.P. Group last year from the family of *National Enquirer* founder Generoso Pope Jr. for $412.5 million. The company outbid such global media giants as Maxwell Communications Corp. and Diamandis Communications Inc. after a highly publicized, four-month-long auction.

G.P. Group said it won't merge the *Star* with the *Enquirer*, but will maintain the editorial independence of both books.

The *National Enquirer* sells an average of 3.6 million copies on newsstands each week, almost 90% of its 4.1 million total circulation. The *Star* sells 3.1 million copies on newsstands, 86% of its 3.6 million weekly circulation.

Both magazines rank among the top six in the country in terms of single-copy sales.

Macfadden President Michael Boylan said he's considering a combination ad buy that would link the two titles.

"If there is an effective way to tie them together that makes sense, we will do it," Mr. Boylan said. "Combined, they reach 30 million readers a week. That's an extremely powerful audience."

Media buyers said a package deal could help the titles woo national advertisers—especially package-goods marketers—who have shied away from the tabloids because of their sensationalist reputations.

"I see the *Star*, because it is more mainstream and accepted by advertisers, helping the *Enquirer*," said Gene Wilhoft, director of media services for Grace & Rothschild, New York.

"There are a lot of package-goods advertisers that may have gone as far as the *Star* but haven't taken the next step to the *Enquirer*. This deal may help some of them make that leap," he said.

If the tabloids become a major force in package-goods advertising, it will enable them to compete with such major players as Time Warner's *People* and the "Seven Sisters" women's service magazines.

"Certainly, it increases their presence in the publishing business," said John Grey, senior VP-director of media planning, J. Walter Thompson USA. "The *Enquirer* is a very strong medium, but it's grossly underrated by a lot of agencies and clients. The management of Macfadden is dedicated to erasing lingering misconceptions about the *Enquirer*.

"As they break down resistance, they'll bring in more package-goods advertisers," he said. "Each advertiser they bring in will make it that much easier to bring in the next one. Over the long run, they can both be much healthier publications."

The *Star* carried 562 ad pages last year, according to Publishers Information Bureau figures, up 10.9% over the previous year. No figures were available for the *National Enquirer*.

A News Corp. spokeswoman said the *Star* sale was part of News Corp.'s plan to sell various assets to fund such projects as Sky Television in the U.K. and the company's 1988 $3 billion acquisition of Triangle Publications. □

Riney racks up losses

By Raymond Serafin

Hal Riney & Partners, which lost the Perrier Group account last week, is facing new defections from the creative team handling its $100 million Saturn Corp. business.

Senior Writer George Gier and Art Director Mitch Gordon are joining DDB Needham Worldwide, Chicago. There they will work with former staffers of Riney's Chicago office—Ron Hawkins, senior VP-group creative director, and Bob Taylor, senior VP-creative director and executive art director.

Mr. Gier, 29, whose new title is associate creative director-writer, and Mr. Gordon, 30, associate creative director-art director, will work on DDB Needham's Audi of America account.

At least 10 other executives have left Riney in the past eight months, including another Saturn creative team in January.

"Those things happen," said Thomas Shaver, director of marketing services at the General Motors Corp. unit. "We're still confident, excited and enthusiastic that we're going to see great advertising [from Riney] this fall," he said. That's when Saturn introduces its first two models.

About 50 to 55 Riney employees work either part or full time on Saturn, which accounts for 20% of the agency's work overall.

Last month, Mr. Riney said of the earlier defections that he "kind of suggested some people might like to leave," calling them "suggested resignations."

Mr. Riney said of the earlier defections that he "kind of suggested some people might like to leave."

Agency General Manager John Yost attributed churning among agency personnel to the shop's growth.

"We are very much in the process of constructing and building the next evolution in this agency's growth, and you're going to have some fallout," he said.

But Andrew Dijak, a VP-senior art director who left Riney in January to become co-creative group head at Chiat/Day/Mojo, New York, said the dream of doing breakthrough advertising on Saturn is dead.

"I thought I could do something revolutionary" on the Saturn account, he said. "I personally thought there was an opportunity to do some fresh, distinct advertising that talked directly to the consumer.

"But the only way to do that is to alienate yourself from GM. That's hard to do."

Mr. Dijak said the first Saturn model "is a great car for the money, from the engineering standpoint. But from the standpoint of design, it's a parity product."

He said it's a "shame" that GM "gave the styling over to the same group that does trucks, when there should have been an autonomous studio apart from Detroit. Detroit is still living in the Stone Age."

Bernie Vangrin, a former senior art director at Riney who's now a group creative director at Ketchum Advertising, Pittsburgh, said Mr. Riney's heavy involvement in the business tends to drive some people away.

"That's the way he is. He gets

(Continued on Page 55)

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SPECIAL REPORT

Cable TV

Edited by Pat Thomas

Extra innings S-2
How ESPN planned to get by if its $400 million baby never arrived.

Feds ready shackles S-10
Anxious cable operators to plead their case against re-regulation of the industry.

Parts a'plenty S-16
Cross-selling opportunities are setting the tone for how time/space is purchased.

What price success? S-20
Selling the cost of cable can work, but more systems are pitching quality.

Cable crossroads

Wild expansion past, roping in viewers becomes key

By Steve Weinstein

Whatever the measurement standard, cable is a success as a new medium, but it faces some rough going in the '90s.

Although cable penetration has reached a respectable 57.1%, a full one-third of homes passed have declined to subscribe. "The truck chasers are all signed up," says John Wolfe, director of public information for the National Cable Television Association. "Now the industry has to go out for people who chose not to subscribe. That's a harder sell."

Also, churn—the rate of subscribers who disconnect the services—remains about 25% a year. Although many disconnects are attributable to the estimated 20% of U.S. families that change residences annually, pay cable faces an annual rate of twice that amount. One agency media buyer predicts pay services eventually will have to turn to advertising to offset promotional expenses caused by churn.

Cable's ratings present another set of problems. Total cable advertising revenue rose to more than $2 billion in 1989 from only $125 million eight years ago. But the Cabletelevision Advertising Bureau hopes to double that amount by 1994. The only way to achieve that goal is to significantly boost ratings.

Within the cable universe, ratings show more improvement than when translated to a national share rating.

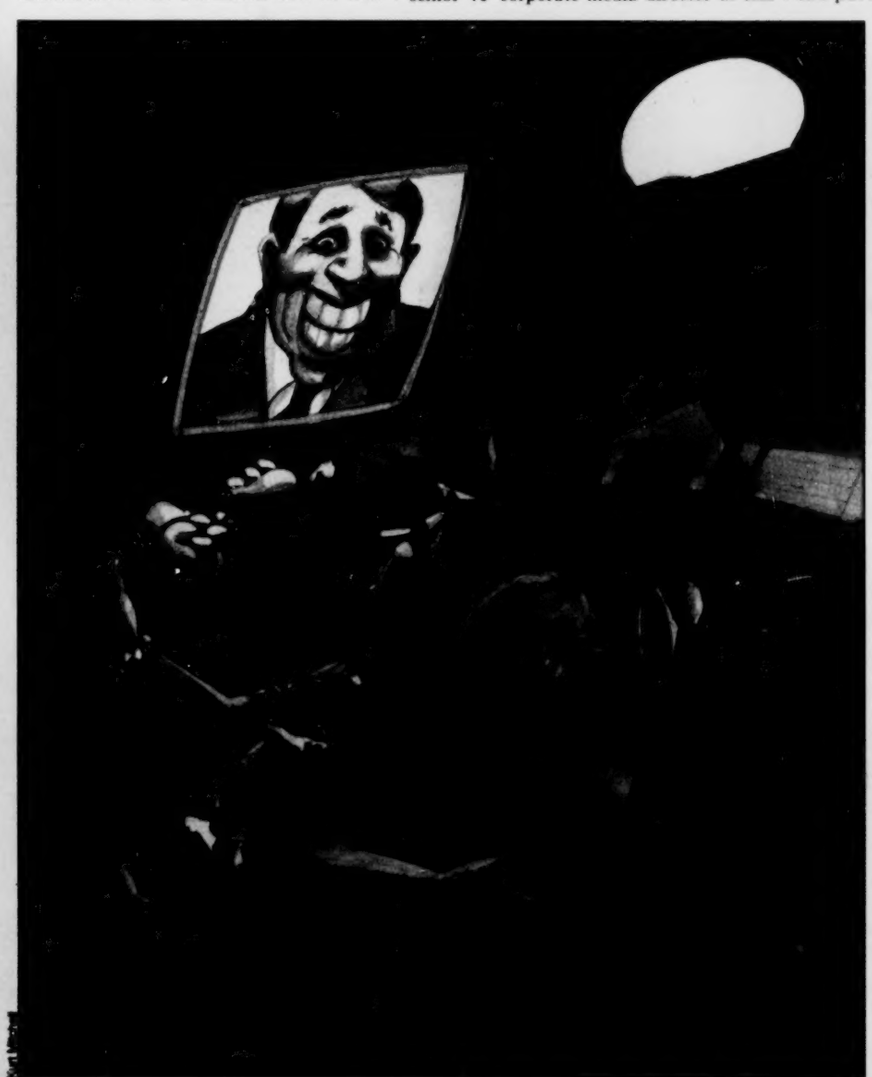
"Cable people want us to look at ratings within their universe," says David Verklin, senior VP-corporate media director at Hal Riney & Partners in San Francisco. "We tend to be more focused on national equivalent ratings, to compare apples to apples," he says.

According to Mr. Verklin, now that ratings are equaling the low end of broadcast network programs, cable competition for ad budgets is entering a "new phase."

"As part of the buying process, the networks package together some more and less expensive shows," says Mr. Verklin. "You don't get the leverage when using cable, a low-rated packaging device." Cable thus becomes a less efficient medium than broadcast, he feels.

The resistance to include cable in the mix of media buys extends to other agencies.

"Does it make more sense to do cable or does it make more sense to take that money and put it in spot TV? If you were to buy a station in a large market, you might actually get more impressions out of it [the large market station]. . . . The small ratings do impact. That's one of the reasons why we will not pay network prices for cable or even syndication prices for cable," says Jon Mandel, senior VP-national broadcast, Grey Advertising, New York.



Cable viewing remains on the upswing relative to broadcast, being the only program source that is increasing viewership, up 15% the first two months of this year. Most of this increase is attributed to big-budget programming, especially original movies, documentaries, concerts and major-league sports.

"We see tremendous efforts by cable networks to put programming on the air that's going to work," says Peggy Green, exec VP-director of broadcast media buying at Saatchi & Saatchi Advertising in New York.

But big-ticket programs need a big-budget revenue stream, and cable still offers lower costs per thousand.

The most obvious solution to these dilemmas is increased cable promotions. But the industry has to reorient its promotions from sign-up to tune-in.

"It has not been the basic skill of the cable industry over the years," says CAB President Robert Alter.

"They were always doing a bundle of programs and letting the public sort them out."

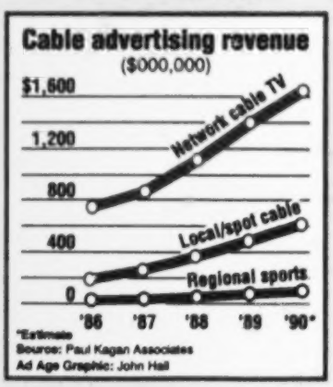
"Basic cable begins as a delivery system and ends up as a programming alternative," says Mr. Verklin. "It's an efficient way to deliver the TV signal, but the rates being charged in some ways are causing churn."

"Over the next six months you'll see a more aggressive posture to get our message across,"

(Continued on Page S-12)

BAROMETER

Take a number



Take the pulse

With ESPN indeed bringing cable households a plethora of baseball games four nights a week from multiple stadiums, Barometer suspects there are a few openings for guest color commentators a la Ronald Reagan at last year's All-Star game.

Marge Simpson...The glue that holds the Simpson family together needs to get out of the house more often. Besides, she sounds good saying "Homer."

Chris Berman...We just can't wait to hear his scintillating "backbackbackback" live instead of accompanying highlight tape.

Susan Sarandon...If she reprises her Annie Savoy role in "Bull Durham," the concept of vital statistics is in for an overhaul.

Sen. Albert Gore...One of the Senate's leading cable baiters probably would have trouble calling anything more than the hit and run.

Bo Jackson...You've heard of player-managers, well, why not another job for the Bodacious One; besides, by now, Bo knows booth.

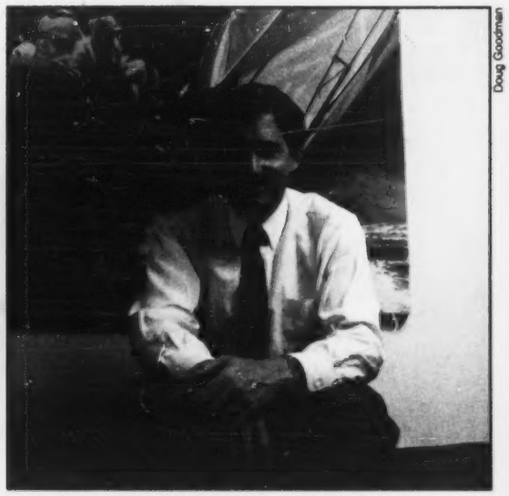
Mars Blackmon...Who's leading off the next inning? Do you know? Do you know? Do you know?

Almost a strikeout

ESPN's 'field of dreams'—its big-buck baseball package—came close to disaster

Steve Bornstein: "I guess in the darkest of nights I wondered if this thing was ever going to get settled."

Jack Bonanni: "[The lockout] definitely had an impact. There were no positives from an advertiser standpoint. We sold baseball."



Doug Goodman

Bill Ketcham: "I'm hoping the bulk of spending, which we've shifted to April, will be enough to regain lost momentum."

By Wayne Walley

SELLING THE NATIONAL PASTIME

When the owners and players resolved baseball's labor dispute in the wee morning hours of March 19, executives at ESPN breathed a collective sigh of relief. Audibly.

Before the agreement, those at the cable sports network could only wait and wonder if its unprecedented $400 million, four-year pact to televise up to 175 Major League Baseball games each year would become folly.

But as the clock ticked toward today's originally scheduled opening day, officials at ESPN refused to panic, publicly confident the season would never be canceled.

"I'm generally an optimist," Steve Bornstein, ESPN's exec VP of programming and production, told the press the day after the baseball agreement. "But I guess in the darkest of nights I wondered if this thing was ever going to get settled."

Although ESPN lost the chance to televise several scheduled preseason games, Mr. Bornstein says the network will air at least 161 regular-season games as originally planned and as many games as possible during the abbreviated spring training.

As a veteran of sports labor disputes—National Football League players went on strike in 1987 but resolved the issues before any of ESPN's regular-season telecasts were canceled—the network was prepared to move at a moment's notice.

In fact ESPN, in the middle of the 32-day lockout, acted as if all would be resolved, signing on Feb. 28 the last announcers needed to broadcast its Sunday and Wednesday night games and Tuesday and Friday doubleheaders.

As spring training games were canceled, however, each ESPN department had its own problems to keep the network's programming coup from turning into an albatross.

"I'd be an absolute fool to say the lockout didn't affect us," says Jack Bonanni, senior VP-advertising sales for ESPN. "It definitely had an impact. There were no positives from an advertiser standpoint. We sold baseball to people. All we could do during the lockout was try to make it worth their while to stay with us with or without baseball."

Mr. Bonanni started pitching baseball to advertisers as the ink was drying on the network's contract signed with Major League Baseball on Jan. 5, 1989.

Before any games were threatened to be canceled or delayed, Mr. Bonanni says about 50% of the network's total ad inventory in the scheduled 171 games (including 10 preseason contests) was sold. But in February and March, the lockout cast a pall over further sales efforts.

"The problems became more serious with those hesitant to commit to baseball, because no one knew what was going to happen or when any games would be played. Advertisers need ratings points when they want them. If they couldn't wait for baseball, they had to consider alternative media," he says.

Once the owners and players salvaged most of the regular season and spring training facilities opened, more advertisers were ready to talk.

"Now that advertisers know the lockout is over, there's a lot of activity," Mr. Bonanni says. "We've had quite a few calls."

Mr. Bonanni says 64 marketers either signed before or during the lockout to advertise during ESPN baseball coverage. Most, he adds, were "understanding" during the labor dispute, allowing the network to shift time from canceled games to later in the season or even accepting deals to advertise in replacement programs.

"Our job was to keep as many advertisers with ESPN without baseball," Mr. Bonanni says. "If baseball would give them a 2.0 rating, we would give them 3.0 rating points in our alternatives."

Advertisers such as Sears, Roebuck & Co. and Mitsubishi, two of the first companies to sponsor ESPN's baseball telecasts, continued to call to find out what the network planned instead of baseball.

"We told them we expect the season to start sometime, and if there is a delay, we will work with the advertiser within their parameters," he says.

Although ESPN did not have a role in the dispute, the network could be hurt as an "innocent bystander" if baseball fans revolt by not watching or attending games when the season begins.

If baseball TV ratings suffer, it could force the network to give advertisers make-good units and reduce its baseball ad revenue, a scenario those at the network hope to avoid.

> "No one knew what was going to happen. . . . Advertisers need ratings points when they want them. If they couldn't wait for baseball, they had to consider alternative media."

"A lot of fans were aggravated," says Bill Ketcham, ESPN's senior VP-marketing, whose task now is to remind viewers the cable network has baseball this season. "On one hand there might be a baseball-starved audience, but there will also be a baseball-pissed audience, and we have to overcome that."

To launch its baseball coverage, ESPN initially set aside a $16 million promotional budget, including the value of on-air spots. But the momentum the network hoped to create leading up to its first regular-season telecast was doused by the lockout.

Mr. Ketcham had hoped to use the March 15 and 16 telecasts of first-round National Collegiate Athletic Association basketball tournament games to hype baseball, but then canceled the promotional plans when the dispute dragged on.

"The only good news is that there is three weeks of training before the start of the regular season," he says. "That gives us three weeks to get into *TV Guide*, absolutely get into newspapers and add baseball games to our *Sports Illustrated* 'ESPN Sports Week' ad."

As scheduled spring training telecasts were canceled, Mr. Ketcham canceled most of the network's print advertising. Some ads still appeared in monthly magazines with long lead times such as *Playboy*.

But one saving element, he says, is that the ads in monthlies used the network's umbrella theme, "If it happens in baseball, you'll see it on ESPN," instead of promoting specific games.

In late January, Charlie Chaplin-themed promotional spots on ESPN detailed coverage of Wednesday and Sunday night games and doubleheaders on Tuesday and Friday along with the creation of its new seven-day in-studio show called "Baseball Tonight."

"We were trying to drill those things into people's heads and then, once the season started, be out there on the air and heavy in newspapers and magazines. Now I'm hoping the bulk of spending, which we've shifted to April, will be enough to regain lost momentum.

"We bit our nails until closing dates in March on a lot of newspapers and magazines and then had to say we were sorry," he says.

"Baseball Tonight," ESPN's nightly baseball show, coincidentally premiered the night after the lockout ended.

Instead of being forced to use the lockout in the same fashion the Iranian hostage crisis helped launch ABC's "Nightline," ESPN's show was able to give viewers breaking news about the upcoming season.

Mr. Bornstein, the head of programming and production, downplayed the juggling act he performed to fill gaping holes left by canceled preseason games and then refit baseball into the March and April schedule.

With the settlement coming on March 19, opening day was moved back to April 9. ESPN quickly scheduled telecasts of preseason games on March 26, 27 and 29 but had to wait for Major League Baseball to figure out its scheduling plan before the network could determine specific opening day and first-week coverage.

Once games were scheduled, Mr. Ketcham quickly snapped up space for tune-in ads in *The Sporting News*, *The National*, *TV Guide* and more to tout early season games.

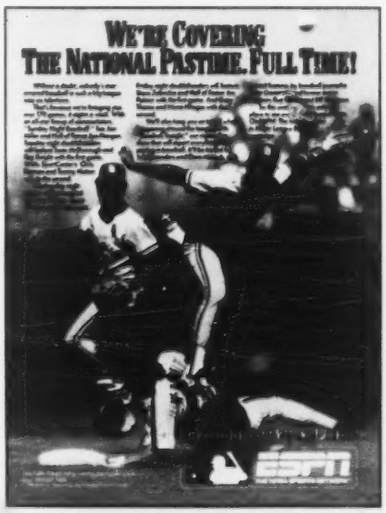
Time was also set aside for game-specific on-air promotions to let ESPN viewers know when and where they could find baseball telecasts.

Baseball, Mr. Bornstein says, was always considered "additive" to the ESPN schedule, meaning other sports, either live or on tape delay, could replace canceled games or be shifted to make room for newly scheduled games.

"With baseball, we expand our day," he says. "We do it by adjusting."

The production crews and announcers were always on stand-by during the lockout, waiting for word about when and where once the settlement was reached.

"We made a commitment," Mr. Bornstein says. "If we had lost a month of games, there would be some concerns [about production quality]. But people have been here 14 months working on nothing but baseball. We're ready to go." □



McCann-Erickson advertising, themed "If it happens in baseball, you'll see it on ESPN," had more than one meaning during the lockout.

Cable fears federal shackles

Anxious operators to plead their case against re-regulation

By Steven W. Colford

SELLING CONGRESS

The next few weeks will tip whether the federal government will return with a vengeance to police cable TV or merely fine-tune it.

The cable industry believes only the latter is necessary for an industry that has grown from 15 million subscribers in 1980 to 53 million at the end of 1989.

But that growth has not been smooth, and it's the bumps in the road that have Congress and the Federal Communications Commission pondering varying degrees of regulation.

In its anxiety to grow, the industry ignored two basics for any customer service—price and quality—and now may be paying the re-regulatory price.

"We built 830,000 miles of system in 10 years," says Decker Anstrom, exec VP of the National Cable Television Association. "Sure, there've been growing pains. But we also haven't done a good job telling our story; for about $15 a month, consumers can receive about 30 channels, which is a tremendous deal."

The most comprehensive regulatory threat for the cable industry to consider comes from the staff of the Senate Commerce Committee, which last month held a hearing on a March 8 staff draft that combined into a single proposal most of the re-regulatory changes advocated by various lawmakers.

The draft's release was not a hit with the NCTA.

Mr. Anstrom, repeating the reaction of NCTA President Jim Mooney, found little encouragement in the 37-page draft. "There is very little in there that the cable industry could support," he says. "It goes far beyond what the record would call for. And the Senate already has made clear that there is ample room for discussion, and we will pursue that."

After the committee's second hearing this week on final legislation patterned after the staff draft, a major push is expected for a quick committee vote, says a committee aide. But whatever changes to the bill occur after the two public hearings, rate re-regulation is likely to remain at the heart of the bill that ultimately faces a full committee vote. "The bill would be nothing without that," an aide says.

With the backing of two key senators, a cable re-regulation bill would appear likely to emerge from committee and, according to the aide, be ready for a full Senate vote before July 2. "With the Senate leadership behind it, that significantly improves chances of its passage," the aide says.

One of the draft's most objectionable provisions, according to the NCTA, is the intent to regain the power to regulate rates.

"That simply goes way too far," says Mr. Anstrom, noting that cable rates in 1989 grew 3.8%, according to the Bureau of Labor Statistics, compared with a 4.6% rise in the consumer price index. A General Accounting Office report on cable rate hikes through 1989 is due for release in June, Mr. Anstrom says. The FCC in July is scheduled to furnish its five-year report on cable deregulation.

"Cable is attractive to advertisers today because [rate] deregulation allowed investment in cable networks that appeal to a niche audience," he says. "Re-regulation of rates will make those networks less attractive.

"Cable spending on programming has grown from $300 million in 1984 to $1 billion in 1989," he says. "Programming expenditures will continue to grow in order to attract new subscribers, but if rates are re-regulated and networks can't make that investment, the level of subscribers will 'top off' at a level well below what it otherwise would have."

Another aspect of the Senate draft bill requires local cable systems to carry a minimum number of broadcast channels; for any system exceeding 30 cable channels, the minimum would be 10.

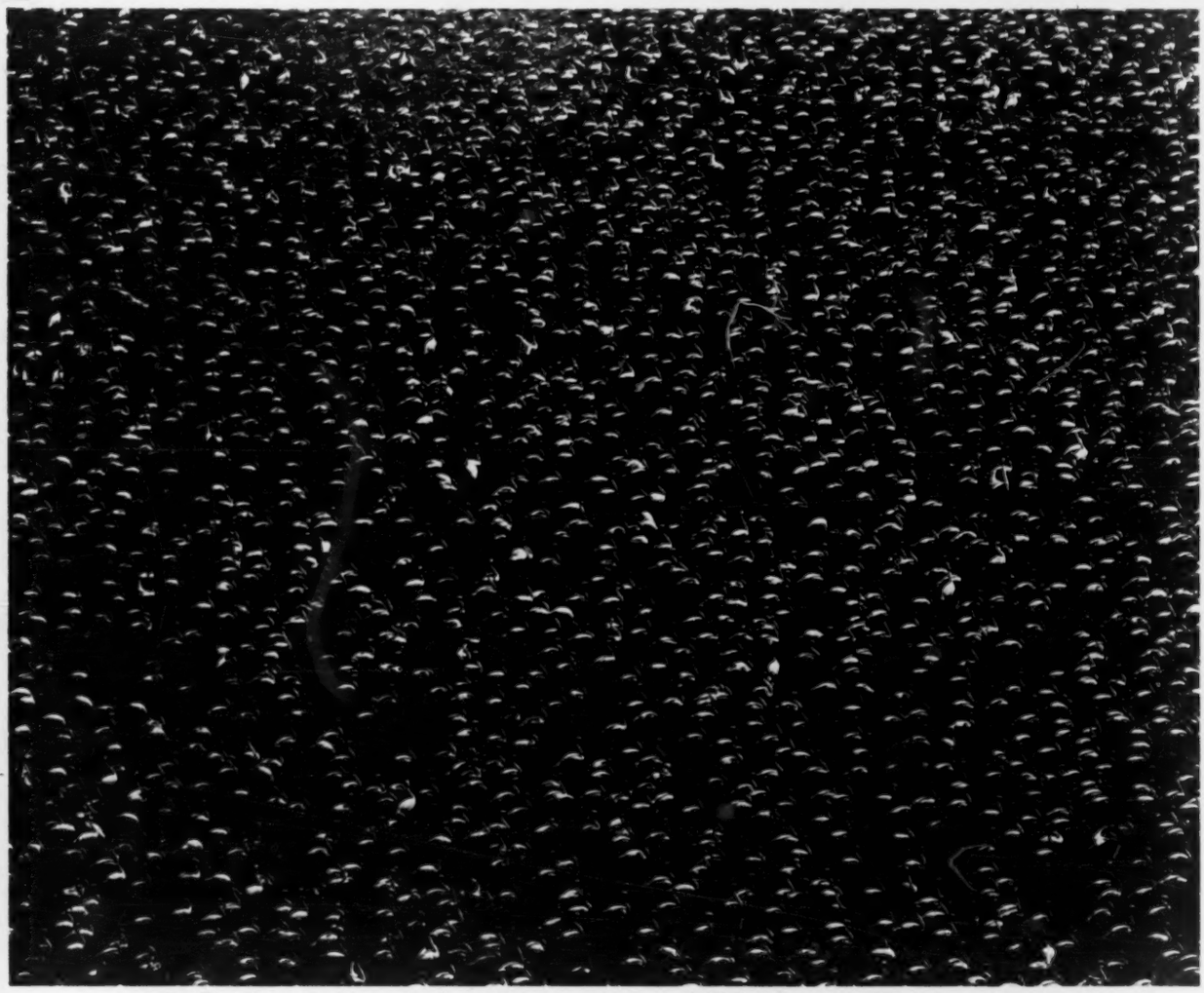
That steep a requirement, Mr. Anstrom says, is another example of "overreaching" by lawmakers that would come back to harm consumers and advertisers.

The Senate draft also would require certain broadcast channels carried by cable systems to receive preferred positioning on the cable converter; a local channel 9, for example, would be positioned in the 9 slot on the converter, with the cable channel that might previously have occupied that position being bumped to a higher, less preferred, location.

NCTA balks at the positioning requirement. It also opposes a National Association of Broadcasters idea for cable systems to pay local broadcasters for their retransmission. "I think there's very little sentiment in Congress to impose, as CBS proposed, a requirement that we pay an amount" to a CBS affiliate, Mr. Anstrom claims.

The next few weeks will witness an "intense dialogue among cable and broadcast representatives, Senate leaders and staff" to try to resolve the impasse over re-regulation proposals, Mr. Anstrom says. "Nothing even approaching what's in that draft will appear in [ultimate] legislation," Mr. Anstrom vowed. "There may be some fine-tuning, but nothing more."

In light of the outspokenness of cable's legislative nemeses—including such powerhouses as Sen. Ernest Hollings (D., S.C.) and John Danforth (R., Mo.)—that remains to be seen. □



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Audiences have made Discovery™ the fastest-growing network among the top ten. In fact, they've made us the fastest-growing basic cable network in history for three years in a row.

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We're just 7 points behind cable's leader. And with our phenomenal growth rate, it won't take us long to catch up.

So if you've planned to put cable in your buy, put Discovery at the top of your list. Because in a matter of months that's probably where we'll be.

*Source: Nielsen Universe Estimates, March 1990.

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Radio spots emphatic: It's not what you think

MTV takes its irreverence to new airwaves

By Wayne Walley

The spot sounds like something you've heard before: "This is a test. For the next 60 seconds, this is a test." But then it goes a bit awry: "We don't know what we're testing or why. For the next 60 seconds you will undergo a test. You do not need a pencil ... all you need to know is this is a test."

Entitled "Test," the spot is part of an MTV: Music Television multimillion-dollar campaign, which plays off the network's well-known irreverent attitude toward other media.

"We play on things people normally hear on the radio and twist it, MTV-style," says Harriet Seitler, senior VP-marketing and promotion, MTV: Music Television.

The spots use the theme, "Just when you think you know what it is, it's MTV: Music Television," and parody such things as emergency announcements, traffic reports, announcer-training school ads and political commercials.

"You can use radio effectively with limited money. So we go in screaming."

The commercials, created by MTV and its agency, Fred/Alan, New York, end with the theme line followed by a tune-in announcement telling listeners to "Watch MTV on cable TV" or "Watch the new lineup of comedy weeknights at 7:00 only on MTV" or "Don't miss MTV in the morning. Watch 'Awake on the Wild Side,' the new MTV morning show weekdays on MTV."

"We're doing 'not normal' radio to enforce the idea that we're 'not normal' television," Ms. Seitler says. "The real intent is to give listeners an idea of what MTV is about, that it's the channel to be at. It will raise your eyebrows and you understand what you will get."

The network used radio last year and found an increase in cumulative viewing of MTV in markets using radio alone or in conjunction with print and TV advertising, as opposed to markets where radio was not used, says Ms. Seitler.

"The more advertising we did, the more the increase in cume. You can use radio effectively with limited money. So with the economy of the medium, we go in screaming. That's what we're doing this year, with a heavy and long playlist on the stations we're using," she says.

The campaign will run through mid-April; a second flight will run in the third quarter.

The next step, says Ms. Seitler, will be adapting the campaign theme to print and TV.

"We're exploring a campaign with different artists, asking them to express in their own vision, 'Just when you think you know what it is, it's MTV.' We want to do a series in print, and we expect to create a version of some form for on-the-air advertising," she says. □

Hard sell

(Continued from Page S-1)

Mr. Alter predicts. "It's been discussed at all the cable industry meetings. But this has not been part of mainstream cable efforts. It was not built in as part of the overall marketing approach."

As a new technology, cable has spent so much time promoting new subscribers that tune-in promotion has historically been given short shrift.

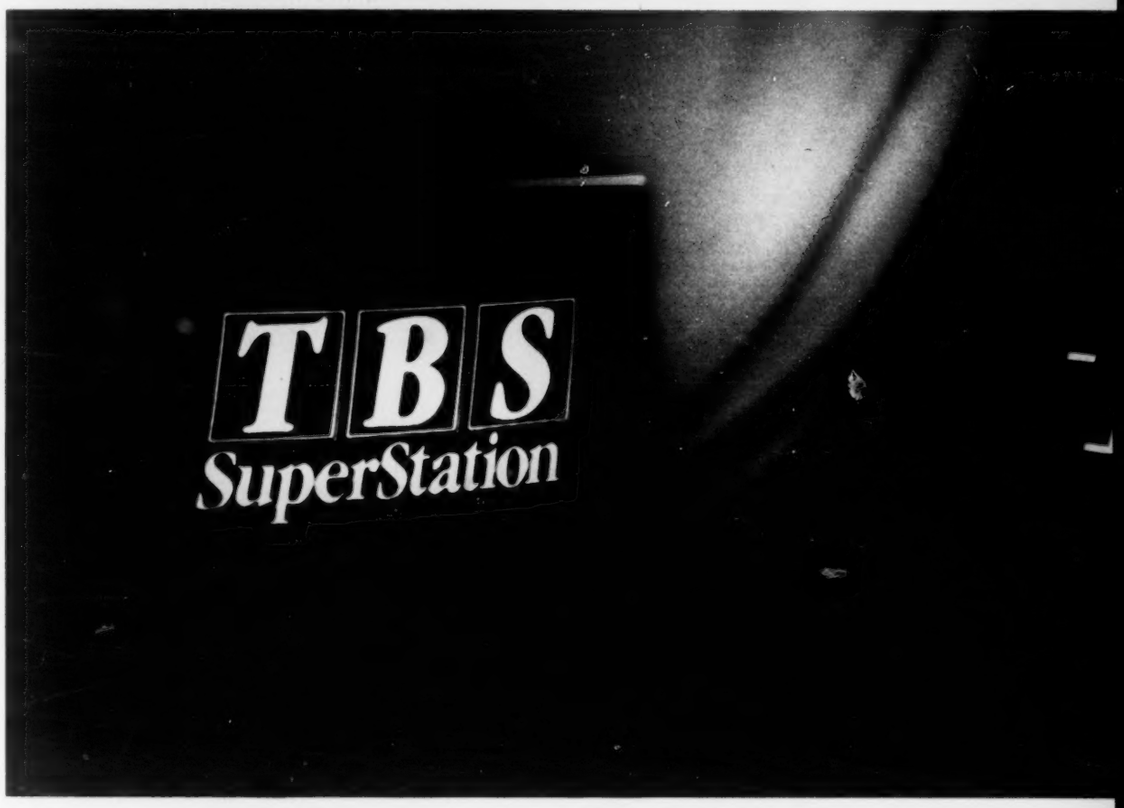
"Five years ago, 100% of promotion was acquisition," Mr. Alter says. "Now there's a much higher percentage of audience promotion."

But the industry has a lot of catching up to do. The average independent broadcast station's promotion staff numbers 3.5 people; by contrast, only a few cable systems even have a promotion department.

Cable Television Administration & Marketing Society has set up a Program Promotion Committee that is planning a new major attitude usage study due in the fall.

This year CTAM also en-

COMBINAT



HIT YOUR TARGET MARKET TWICE.

We call it Combination Punch. It's the same thing people with good vocabularies call "synergy." It's what happens when one and one equal more than two.

That's the kind of effect advertisers can get with the combination of TBS and TNT. Because each of them, in a distinctly different way, offers programming that appeals to every demographic group.

With the TBS/TNT combination, advertisers get the program variety to build a vertical program strategy, and make a direct hit on their demographic target. Or rather, two direct hits.

TBS, THE CHAMPION IN AMERICA.

As part of our commitment to the environ-

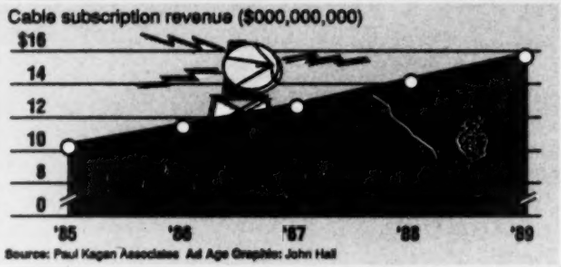
couraged a consortium of cable networks and major-market cooperatives to initiate a national strategy that overlays local operators' program promotions with a national one, similar to network affiliates' on the broadcast side.

In broadcast, a local affiliate promotes only its network's programs, says CTAM President Margaret Durborow, but each local cable operator is programming several networks.

"The network has only one line of programming," Mr. Alter says. "A local system has 36 channels to promote."

Pay for view

Cable subscription revenue ($000,000,000)



Source: Paul Kagan Associates Ad Age Graphics: John Hall

Homes passed, penetration and pay subscribers

	Homes passed (000,000)	Cable subscribers (000)	Household penetration (%)	Pay subscribers (000)
1989	80.0	52,564	57.1%	28,643
1988	76.8	48,637	53.8	28,114
1987	74.9	44,971	50.5	27,600
1986	67.3	42,237	48.1	23,709
1985	63.5	39,873	46.2	24,165

Source: Cable Advertising Bureau, Nielsen Television Index, Nielsen Station Index

Cable networks are now concentrating on tie-in promotions with local operators and multiple system operators. Each month the CAB mails out a hefty Cable Tune-In Kit that contains radio spots, promotion ideas and a planning calendar that features a different network program to be promoted each day.

It's all part of a master plan to try to coordinate local promotion plans with the networks, instead of haphazard campaigns. "Unlike CBS, NBC and ABC, our networks cooperate," Ms. Durborow says.

"It's interesting cable gets as good a viewership as it does with the little bit of viewership promotion that's done," says Terry Rich, VP-sales and marketing at Heritage Communications, a Des Moines, Iowa-based MSO. "What we as operators have to do is know how to pick a program." Mr. Rich and other MSO executives are working with CAB to organize local promotions.

Operators not only have to encourage tune-in but defend themselves from regulatory agencies angered at rate increases and customer service problems. "The smart systems are running local image-building campaigns," says Les Luchter, editor of *Cable Marketing*. "Cable recognizes its image is lousy."

Manhattan Cable, for example, has "Comin' through for you," a cross-network print and broadcast image-building campaign. Heritage uses broadcast, radio and newspaper as well as cable and bill inserts for its "The choice to come home to" theme.

Other MSOs are beginning to take up local causes, encouraged by Cable Television Public Affairs. The Cable Alliance for Education, which began as an anti-Whittle measure, offers CNN Newsroom and ad-free classroom programming on some networks in the morning. It also provides cable gratis to local schools. "Bravo for Books," a classroom promotion chaired by first lady Barbara Bush, is sponsoring a nationwide competition of high school theatrical productions.

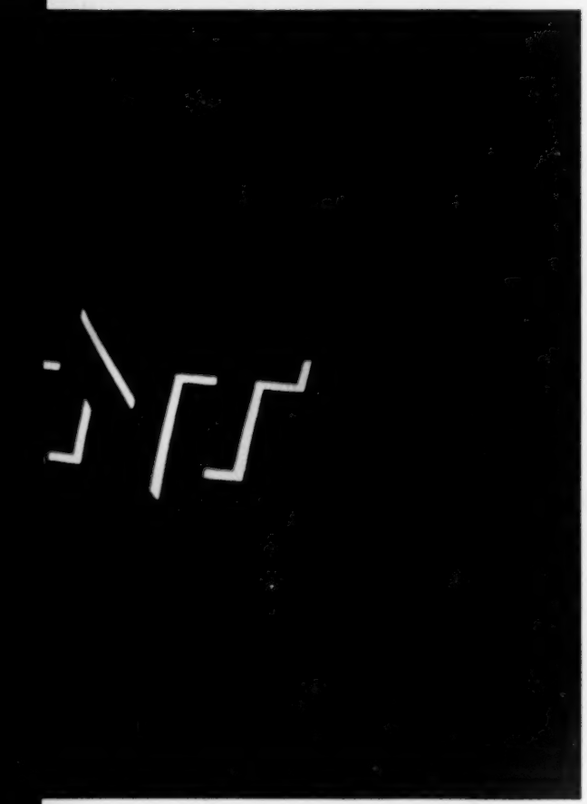
American Movie Classics has designed four different turn-key programs for children, adults, mature adults and VIPs that local affiliates can implement in their communities.

If such programs help local operators improve their image, operators and networks hope that they will also increase audience awareness of cable programming.

"There's an intense movement among cable operators to upgrade their whole tune-in and promotional effort," says Larry Gerbrandt, senior analyst for Paul Kagan & Associates. Networks are downloading commercials into unsold local avails for cross-network promotion. "It's much more sophisticated than before," he says. □

Steve Weinstein is a free-lance writer based in New York.

ON PUNCH



TNT GETS THE HIGHEST RATINGS IN HOLLYWOOD.

TNT has set new standards for cable television across the board: ratings, programming quality, originality and star quality.

In Hollywood, they really love us. Because TNT is producing scripts other networks are afraid of, with the kind of roles actors would kill for.

These prestigious monthly premieres continue, with productions like "The Rose and the Jackal" with Christopher Reeve; Kathleen Turner in a Myrna Loy retrospective; and Isabella Rosellini and John Lithgow in "The Ivory Hunters."

TNT is already famous, too, for its innovative scheduling of classic movies, all restored to pristine condition.

REACH YOUR FAMILIES WITH OUR FAMILY.

No other networks, cable or broadcast, can match the combined punch of TBS and TNT. Because individually, both networks have the variety and the programs that bring the whole family to the set.

And together, they give advertisers real knockout power.

ment, TBS will present a number of important new specials, like the Cousteau Society's "Outrage at Valdez," "Arctic Refuge" with Meryl Streep and "Voice of the Planet," a 10-hour original production.

Of course, all the things that have always made TBS the number one choice of American viewers will continue: professional and amateur sports, popular movies, great kids' shows and proven comedy favorites.

Turner Entertainment Networks

Give Your Media Plan The New One Two.

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Sum of the parts greater than the whole?

Time Warner leads trend buys across media

By Debbie Harrod

CROSS-SELLING: MULTI-MEDIA BUYS

It could be the ultimate in one-stop media shopping with one call, one order, agency buyers could buy into an array of media ranging from magazines to entertainment events to TV.

While a number of media conglomerates are working on such packages, few offer the ability to create such a service as does the recently merged Time Warner. Its stable of powerhouse magazine titles, cable systems and programming service offers both the ability to reach substantial numbers of prospects and to target specific geographic markets and demographic segments.

Agency media buyers clearly are interested.

"The idea would be to add pieces together for a total package that would be cheaper than buying separate pieces, plus have a synergy that builds a value beyond," says Allen Banks, media director of Saatchi & Saatchi Co., New York.

Although Time Warner executives say they still are in the early stages of assessing how they can mix and match their media properties in ad packages and cross-promote each other's media vehicles, some early steps indicate what the future may hold.

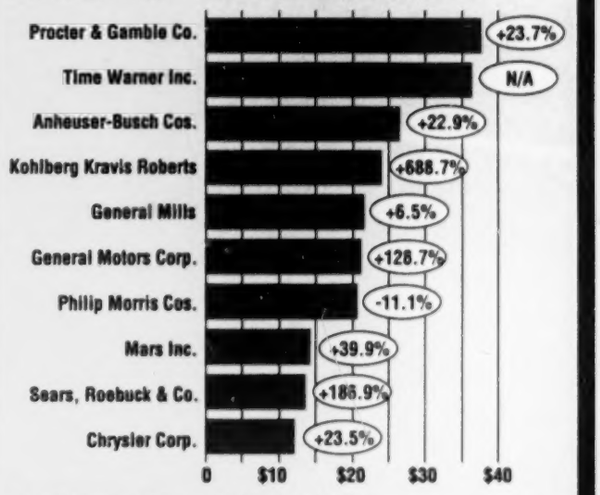
The easiest moves are being made first. For example, those looking to buy time on any of five New York metro cable systems now run by Time Warner are among the first to see the synergies of the media conglomerate play out.

In February, the systems consolidated their local ad sales forces, creating for the first time a one-stop buy for advertisers that wish to be on any or all of the com-

(Continued on Page S-18)

Merged Time Warner challenges for lead

Bars represent millions of ad dollars spent in 1989 by the top 10 cable advertisers; ovals indicate percent change from 1988.



Source: Arbitron Co. Advertising Age Graph: Holly Seguine

No sale without efficiency

New operations like NBC's still need attractive pricing

By Wayne Walley

CROSS-SELLING: CABLE & BROADCAST

At this time last year the major broadcast networks were saying some nasty things about cable. CBS had circulated a report entitled "The Cable Fable," pointing out to advertisers and agencies what it considered cable's shortcomings. ABC had created a presentation entitled "20 Questions Facing National TV Advertisers," which subtly raised similar concerns.

NBC, at the time on the verge of launching cable service Consumer News & Business Channel, was a bit less verbal, although its salespeople were on the street talking up network TV's comparative strengths following the February sweeps.

What a difference a year makes.

Now, NBC's network sales and marketing division oversees ad sales for CNBC and SportsChannel America—co-owned by NBC and Cablevision Systems—and cross-media cooperation could conceivably become the wave of the future as advertisers look for package buys that incorporate more than one medium.

"When a large media company has multimedia divisions, the pairings are obvious, and it makes sense to set up cross-media deals," says Betsy Frank, senior VP-director of TV information and new media for Saatchi & Saatchi Advertising, New York.

"But it only makes sense if the buy is more efficient," she says. "They have to prove to us through discounting or value-added opportunities that we're better off giving more dollars to General Electric and getting on NBC with CNBC instead of NBC and a consumer segment on Financial News Network."

Already, Miller Brewing Co., North American Philips Corp. and Universal Pictures have taken advantage of the offer and bought special broadcast/cable ad packages.

Capital Cities/ABC, which owns both the ABC-TV network and cable's ESPN, has yet to combine sales efforts. But the company could be forced to consider creating similar cross-media packages to keep up with the competition.

"Cable Fable" author CBS does not own any cable properties but is selling the ad time within the Olympic programming the network sold to Turner Broadcasting Systems' TNT.

"All the rules we thought we knew no longer exist," Ms. Frank says.

Bob Blackmore, NBC's exec VP of sales, says the structure of a new sales department should take shape this month and put NBC in position for any marketplace changes in the coming decade. "You have to know all areas. The more you know about other media, the better," he says.

"By combining network with cable, you can also give reach with targeted and pinpointed demographics," he adds. "It all depends on the media needs of the client. This way we make sure they have enough choice."

Some clients, he says, probably won't take advantage of the combination, preferring to keep broadcast and cable separate. But the network might fold in inventory from SportsChannel America as part of a "sports daypart" it offers to advertisers.

Art Miller, CNBC's senior VP of sales, says CNBC is still selling time separately. But the clout of NBC, he says, gives CNBC more resources and ways to convince advertisers they are a better buy than the competition.

"We're still feeling our way," he says. "But we can target and do special tie-ins NBC advertisers might want to try but can't do on the network.

"This opens the door to so many more clients for us," he says. □

The Movie Channel is targeting local operators involved with Community Classics, a program aimed at four target groups, for viewings of classic films.

Nickelodeon is on an environmental beat via its Total Trashout kit—a big yellow garbage can filled with recycling information.

'Cross-promotion to create a buzz'

Starting channel? Build awareness via current fare

By Edmond Rosenthal

CROSS-SELLING: SISTER NETWORKS

Intensive cross-promotion for eight weeks on sister networks MTV, VH-1 and Nickelodeon/Nick at Nite, preceded the April 1 launch of Ha! TV Comedy Network.

"The cross-promotion campaign for Ha! has been running for about a month—with a different spot each week—on all three networks," says Leslye Schaefer, VP-marketing for Ha! TV Comedy Network.

There is $1 million in inventory set aside for this campaign in 1990, she says. "After the launch we will continue to promote it [Ha!] on our other networks, not only because of the reach, but because their visual and creative environment will mirror what Ha! will look like.

"It's a real cornerstone for our promotion plan," Ms. Schaefer says. "We've been getting calls from affiliates and viewers that show there is a real awareness created by our promotions.

"This cross-promotion has been done to create a buzz, and things are buzzing," she says. Ha! is spending an additional $6 million this year in consumer and trade promotion, print and TV.

Cross-promotion is the most effective form of promotion any of the networks can get, says Steve Seidmon, MTV VP-programming.

Turner Broadcasting System's VP-On-Air Promotion Jeff Grimshaw agrees. It wasn't long ago that Turner launched TNT with heavy promotion on its network channels. Not only did this help establish the new entity, he says, but it was perhaps the best indicator anyone has of the effectiveness of routine cross promotion.

"When TNT was launched [with heavy promotion on Super Station WTBS, CNN and Headline News], it took up the lion's share of all on-air promotion, so the other networks weren't getting as much as they had been. As a result, we saw a definite dip in viewing. That's the strongest argument I've seen for cross-promotion," says Mr. Grimshaw.

Turner's routine cross-promo-

(Continued on Page S-19)

Time Warner

(Continued from Page S-16)

pany's systems serving Manhattan, Queens or a portion of Brooklyn, says Richard Aurelio, president, Time Warner New York City Cable Group. Advertisers previously had to go to each of the five systems to buy time.

"In cable, New York City is one group that is actually merged," he says. "What we're doing here is being watched closely by both parents."

Mr. Aurelio says a number of other ideas are in the works but not announced, a situation executives throughout Time Warner media properties confirmed.

"Everything is possible," says Mr. Aurelio. With all of Time Warner's entertainment, music, movie and cable properties, it's "easy to find synergies. We'll do the more obvious things first," he adds, such as consolidate all customer-service operations and offer common channel lineups.

Cross-promotion includes, for example, special discount subscription forms for Time Warner's new *Entertainment Weekly* appearing in New York City Cable Group subscribers' bills.

Tony Adams, manager of national accounts, Warner Cable Communications, says Time magazine group always has been a big cable direct-response advertiser, but the merger has made it "a lot easier to get in the doors."

"With the signing of the merger," says Comedy Channel VP-National Sales Manager David McCoy, "getting pieces of Warner involved is just taking off." He sees the greatest opportunities in ad packages involving Warner's studio, its syndication properties, Comedy Channel and Time Warner magazines.

An upcoming project that crosses several of Time Warner's media groups is a 16-page "user's guide to comedy," an advertising supplement that will run in *People* and *Entertainment Weekly*, says Larry Divney, the channel's senior VP-advertising sales.

Advertisers are being offered a page in the ad supplement in both magazines, spots on the Comedy Channel, sponsorships and outdoor board placements, Mr. Divney says. He calls the campaign the most simple of planned projects, adding, "There are a lot of conversations still taking place," regarding other projects.

Mr. Divney says one roadblock may result from what he calls the "structural obstacle" of media placements being handled by separate agency groups.

"In companies that have outdoor, magazines, newspapers, broadcast, you've got to have somebody who can put those things together," says Joe Ostrow, exec VP-worldwide media director, Foote, Cone & Belding, New York.

He says FCB is carefully analyzing the opportunities, and sees two ways Time Warner could approach its situation.

The first, Mr. Ostrow says, is "a total volume deal for all areas of media." But he asks, "Are they prepared to put cable, programming, magazines together in one piece?"

The other option would be an individual buy. "If a client buys a lot of magazine [space], we might look for some [synergy] on a cable outlet. Not just a channel but, depending on how the experiment in Rochester [N.Y.] works, with national support from magazines and this form of local TV," he says.

Mr. Ostrow is referring to American Television & Communications Corp.'s Greater Rochester Cablevision, which early this year launched WGRC-TV, a cable channel that mimics an independent broadcast TV station (AA, Dec. 11).

"[That channel] is going to marry about a half-dozen different things," he says. "They're breaking through walls within that corporation as never before."

John Orr, WGRC general manager, says he'd be all for cross-media ads if his Area of Dominant Influence matched that of the regional editions of any Time Warner magazines.

Another area Time Warner can exploit is event marketing, says Tom Winner, exec VP-director media operations, Campbell-Mithun-Esty, New York. Time Warner will look for sponsorships for certain concerts, he says, adding, "Hopefully they'll include Warner artists and some HBO property."

Such sponsorships could run the gamut of Time Warner properties—magazines, TV, books—and perhaps even extend to areas such as educational programs. In that scenario, speculates Mr. Winner, Time Warner could produce a TV show or series of vignettes, cassettes for educators and booklet distribution as well.

But, he says, there may be too much of a good thing. "The problem as I see it, is that [such a large package] becomes cost-prohibitive for all but a few." Mr. Winner suggests, as did other media buyers, that Time Warner create an array of packages that would be "palatable to many."

Mr. Banks sees a benefit in the operation's immense reach, however, offering global possibilities in addition to domestic packages.

"The bottom line is will you save money as a package?" says Bart McHugh, senior VP-director of national radio and TV programming, DDB Needham Worldwide, New York.

He says he likes the pluses of dealing with a company that can provide cable and other media. But Mr. McHugh adds one caveat: "If it doesn't work for the client, we will walk away." □

Debbie Narrod is a free-lance writer based in Denver.

Ten Years Of Nonstop Information.

It's not a big deal to have survived for ten years; but it is a big deal to become the best in ten years.

Especially when so many questioned the whole concept. No one, they said, would be interested in a 24-hour news network.

It seems that reality has more of a following than the critics thought.

won't talk to anyone else.

Our audience has kept pace, growing from 1.7 million U.S. households in 1980 to 54 million today.

Our credibility with viewers also increases yearly; we're now regarded as the most believable network reporting the news.

Real Life Has Always Been Our Beat.

And the beat goes on.

Today we report on real life, in all its facets, with the world's largest newsgathering organization. Our reporters win awards, garner the respect of their peers, and gain access to people who

'A buzz'

(Continued from Page S-16)

tion is to give the two entertainment channels—TBS and TNT—one minute each an hour for promotion, and the news networks, 50 seconds each an hour. Of that time, 70% goes to the host network and 30% is split evenly among the other three services.

According to trade estimates, Turner's promotion time is worth about $50 million annually.

That promotion time is "obviously a tremendous advantage," says Andy Besch, senior VP-marketing, USA Network. "If you put yourself in the mode of the viewer, you can see Turner promote a movie on four networks—you can't get away from it."

"It forces me to spend money on local cable that I wouldn't ordinarily have to spend," he adds.

USA Network's annual expenditure for advertising is in six figures, he says. "I can't get on any of the other cable networks any more than I would want them on my air," Mr. Besch says.

While the cable networks can't use other cable nets for their advertising, at the system level, many operators will promote one cable network on the local time of a competing network.

"We cross-promote programs ourselves on comparative services using our local avails," says Charles Ward, VP-national marketing and programming, Times Mirror Cable Television.

There is talk at TBS about redesigning the allocation system based on gross rating points rather than number of spots, says Mr. Grimshaw.

For example, a single spot on WTBS will yield more audience than one on Headline News, so a system could be set up in which a certain number of Headline News spots are worth one WTBS spot. Under this system, WTBS would give away less promotion time and keep more for itself.

Another consideration, Mr. Grimshaw says, is assigning 50% of all cross-promotion to what, "for lack of a better title," is being called "Turner Network Tonight." This would involve promoting all four networks together, "but we'd still have the WTBS impression on WTBS" to maintain its separate identity.

MTV Networks—MTV, VH-1, Nickelodeon/Nick at Nite—are less formal. The time available varies according to commercial load and the needs of the networks to promote specific events.

Ha! usurped much of the recent inventory with 12 spots a day on each of its sister networks—MTV, VH-1, Nickelodeon/Nick at Nite. "It's difficult to quantify effectiveness," Mr. Seidmon says, "but we know from certain experiences when we've had success."

Although MTV channels don't cross-promote Showtime and The Movie Channel, the subscription pay services of parent company Viacom Entertainment do push music specials on Showtime Event Television, a pay-per-view service.

MTV networks also pay close attention to demographics. For example, two programs that skew older viewers than most of its fare —"Week in Rock" and "Unplugged"—are promoted heavily on VH-1 and Nick at Nite, which have older audiences.

Meanwhile, Home Box Office's The Comedy Channel appeared last Nov. 15 without any promotional buzz. Still, HBO benefited from the programming on the new basic service.

At startup, 20% of all clips from stand-up comedy shows and movies shown on The Comedy Channel came from HBO, says Dick Beahrs, The Comedy Channel's president. While there was no intention to promote HBO, all clips are attributed to their sources.

Over time the proportion of HBO clips will diminish to less than 5%, says Mr. Beahrs. In fact, The Comedy Network has had discussions with HBO rival Showtime about using and attributing some of its comedy material, he says.

"If we put on something that's funny and we're not going overboard to hype the product, it's of benefit to HBO." If HBO wants something more directly promotional, he adds, it can buy advertising spots on the channel.

"Cross-promotion is a double-edged sword," Mr. Beahrs says. "Cable operators are not going to be happy if they see an overabundance of HBO clips. They want to have some program integrity on a comedy service. They don't want a service that just promotes HBO."

Another concern in the relationship with cable operators involves promoting services they don't offer.

"If a system operator is carrying all of these services, it's a benefit, sometimes it's awkward if a system is not carrying the service being promoted, but in our experience and to their credit, they don't go as far as they could [they don't advise subscribers to demand the service]," says Mr. Ward.

Mr. Grimshaw says cross-promotion can be a "passive acquisition device" in pushing a newer service into the cable system. "But we don't say, 'Call your operator.' "

It's more an opportunity than a problem for MTV, says Mr. Seidmon.

"Most cable operators carry all of our services. By making cable subscribers aware of the range of services available, we're promoting cable as a whole." [ ]

Edmond Rosenthal is a freelance writer based in Freehold, New Jersey.

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The Southern California council urges viewers to "Cable up."

You think it's easy to keep Californians in?

Cable co-op fights region's attractions for viewers' time

By Janice Steinberg

Co-op ad agreements can make or break the lines between cable operators and programming services.

"Many [operator] co-ops basically run campaigns that are directed in a way that sponsoring suppliers dictate, given their position of co-operative funding," says Jerry Maglio, senior VP-marketing and programming for United Artists Cable. "Some just run one pay campaign after another, just to use the funding."

Richard Lyness is executive director of the Southern California Cable Television Marketing Council.

In contrast, says Mr. Maglio, the Southern California Cable Television Marketing Council "spends its own money to realize its own objectives, yet makes program suppliers comfortable with the overall campaign."

The Southern California council is spending $3.2 million on advertising this year, with its major focus on basic cable, says Richard Lyness, the council's executive director.

This oldest and largest cable co-op represents 65 of the 85 cable operators in a region that includes Los Angeles, Orange and Ventura counties and parts of Riverside and San Bernardino counties.

Aggressive advertising has contributed to a significant growth in a notoriously tough market. When the council did its first direct-response TV campaign two years ago, penetration lagged behind much of the country at 41%. After three TV campaigns, penetration increased to 50.4% as of January.

"In this market, we are faced with competition from 19 or 20 off-air stations," says Bill Cullen, senior VP-Southwest division of United Artists Cable systems. "Video stores are on every corner, renting videos for 99¢ to $1.50. Plus we are faced with a wide array of leisure activities that tend to take people away from their televisions. People in L.A. watch an hour and a half less of TV per day than people in the rest of the country."

About 40% of the co-op's $3.2 million 1990 ad budget will go to TV, with $500,000 committed to an April direct-response acquisition campaign, says Mr. Lyness. The 1990 plan represents a 28% increase over last year's budget, and includes two major acquisition campaigns and two campaigns on Spanish-language TV. Asher/Gould is the agency.

Mr. Lyness also plans to spend about $200,000 on a spring value-retention campaign with the message, "I'm glad we've got cable."

"It is our hope that we can move our acquisition efforts more in the direction of stressing the benefits and value of the total cable product, in particular, basic, and then look at a strong, well-organized upgrade to maximize pay acquisition and retention," says Mr. Lyness. □

Janice Steinberg is a San Diego-based free-lance writer.

A strong dose of quality control

By Edmond Rosenthal

SELLING-PAY: PRICE VS. IMAGE

HBO and Cinemax are fighting the price-promotion trap with a $38 million consumer ad campaign this year that will pitch programming over cost, says Dan Levinson, HBO's VP-advertising and promotion.

This is the first national campaign of its type, claims Steve Janas, VP-direct marketing at HBO, with an objective of showing the consumer the number of choices in both pay and basic cable.

The campaign and its tagline, "HBO is simply the best," attempts to convey the idea of high-quality programming, says Mr. Levinson.

The 21-week effort, by BBDO Worldwide, New York, is divided into three commercials promoting movies, sports exclusives and comedy. Advertising is running through December on the four broadcast networks—at a cost of $34 million—with basic cable accounting for the other $4 million.

Subscriptions tripled for HBO and Cinemax in the 1987-88 test markets, Mr. Levinson claims.

Still, price discounting is far

Mailings for HBO and Cinemax provide a heavy dose of fresh movies.

Toll-free trap

Catchy numbers still work wonders as lure

By Len Strazewski

SELLING TUNE-INS VS. SELLING SIGN-UPS

Cable executives are confronting the dilemma faced by any marketer with a successful ad campaign: Why stop?

The direct-response campaigns featuring catchy toll-free telephone numbers such as 1-800 CABLEME and 1-800-OKCABLE still produce thousands of calls.

Metro Cable Marketing Co-op, Teaneck, N.J., one of the oldest and most powerful cable advertising co-ops in the country, and the first to run regional advertising with a toll-free number, receives about 2,000 to 3,000 calls a day on its 1-800-OKCABLE telephone lines.

Since the early days, says Jim Higgins, Greater Media corporate director of marketing and a founder of MCMC, "We've learned that we need to do more than just sell cable subscriptions with discounts. We need to increase the value of cable in the eyes of our subscribers.

"As penetration increases," he says, "our marketing efforts must become more sophisticated."

Mr. Higgins would like to see a national toll-free number that can provide leads for regional co-ops and allow subscribers to reconnect—rather than cancel—when moving.

"As the co-ops have matured they are beginning to see the logic of expanding their advertising objectives," says Margaret Durburow, president of the Cable Television Administration & Marketing Society and the founder of a Los Angeles-area co-op.

"People in this [New York/New Jersey] ADI have learned the 1-800 number from the years of acquisition campaigns, and those spots continue to draw new subscriber phone calls even without a special offer," says Susan Styer, executive director of MCMC.

The co-op continues its acquisition campaigns during the April and October flights to attract new residents.

"We still include the 1-800 number in the image spots," Ms. Styer says. The image spots also help retention by cutting down on the traditional churn rate, she says.

"The co-op needs to balance both brand/image and acquisition advertising," says Randall Coleman, president of Twin Cities Cable Consortium and a VP at Continental Cablevision in St. Paul, Minn. "We need to convince people that cable is quality TV worth paying for, and the image advertising helps position cable as good TV," he says.

But new subscribers are still best attracted by the incentives inherent in the acquisition spots such as discounted installation or free trial periods of pay channels, he believes.

Robert Alter, president of the Cabletelevision Advertising Bureau, told a January co-op conference that promotion and image advertising were the hottest in-

Palm Springs gets wired

Top markets in cable penetration

		% of HH with cable	total cable HH
1	Palm Springs, Calif.	87%	59,100
2	Santa Barbara/Santa Maria/ SanLuis Obispo, Calif.	86	176,400
3	Laredo, Texas	84	30,400
4	Parkersburg, W.Va.	81	29,300
5	Cheyenne, Wyo./Scottsbluff, Neb.	80	35,400
6	Bluefield/Beckley/Oak Hill, W. Va.	79	119,400
	Elmira, N.Y.	79	66,400
	San Angelo, Texas	79	38,100
9	Hartford/New Haven, Conn.	78	703,300
10	Johnstown/Altoona, Pa.	77	217,300
	Odessa/Midland, Texas	77	110,800
	Eureka, Calif.	77	40,400
	Lafayette, Ind.	77	33,200
14	San Diego, Calif.	75	652,300
	Wilkes-Barre/Scranton, Pa.	75	368,200

Source: Arbitron Co.

from over yet. "Price offers increase the connect rate, but they also increase the back-end churn [disconnect] rate," says Nora Ryan, senior VP-marketing at Showtime.

Pay services lose about 50% of price-promotion sign-ups, says Ms. Ryan, but once the early droppers are lost, the remainder perform like other subscribers.

In the normal course of business, pay TV loses 5% of its subscribers each month, Ms. Ryan claims, "so we have to replace 60% of our subscriber base annually just to stay even."

Under this kind of pressure, the pay services are hard pressed to find a more effective means of generating activity than price promotion.

The subscription rate for pay services is at least 50% greater if some kind of price promotion is involved, says Mr. Janas.

"Right now, the industry is re-evaluating the price/value relationship," says Ms. Ryan. "Our campaigns in the future will be more directed to selling the value of the product. We'd like to get out of the discounting mode, but the No. 1 reason for refusal to subscribe is that the price is too high," she says.

To some extent, The Disney Channel has found an alternative to price promotions. The pay service has had some success with free weekend previews in which the cable operator sends the service to all cable subscribers on a clear channel.

Although this approach doesn't have the "buy now" incentive attached to it, says Tom Wzyalek, VP-consumer marketing for The Disney Channel, more than 75% of those who subscribe after a preview do so with the intent of staying on for six months or longer.

Those signed up in price promotions, he says, have a 50% to 60%—or lower—retention rate.

Pay services are increasing offers that make more sense to the serious subscriber.

"We've encouraged multi-month discounts, where the discount may be over a period of six months," says Mr. Wzyalek.

> "Price offers increase the connect rate, but they also increase the back-end churn."

Variations include three months at half price for HBO, Cinemax and Showtime, and a third month free at HBO and Cinemax. The latter, according to Mr. Janas, "gets the most qualified subscriber, but first-month-free always performs best in getting new subscribers."

Some of Showtime's recent major promotions have included non-cable offers such as free movie theater passes and free pizza. Domino's pizza, providing the pizzas in exchange for the publicity, also will promote both Showtime and The Movie Channel on 2.4 million boxtops, Ms. Ryan says. These promotions are usually in conjunction with a price incentive at the local level.

The need for hard statistical data is evident. Mr. Janas hopes to answer that need via the tracking of a promotion that started in January. The six-month study, with 30 cable systems participating, will compare churn rates of first-month-free offers with a range of installation offers.

"I'd be hard pressed to say we want to be in this business of discounting," says Mr. Janas. "In terms of building value for the product, you can run yourself into the ground eventually." □

dustry topics.

"The cable industry is starting to realize that cable is a product no different than Pepsi, Coke or McDonald's," says Mr. Coleman. "It has a brand image that needs to be developed and maintained."

The image spots for TCCC feature "slice of life" vignettes from various cable demographic groups such as children, seniors, young singles and young marrieds that show how cable programming relates to each group. The campaign includes the toll-free number and the tagline, "Cable Television at its best."

However, direct response and the consortium's 1-800-CABLE-TV toll-free number are still important aspects of the campaign, he says. The co-op is continuing its subscriber acquisition campaign.

In Los Angeles, the Southern California Cable Council will continue to emphasize subscriber acquisition and is projecting about 200,000 sign-ups from its 1990 effort, says Executive Director Richard Lyness. But the group also will include image advertising as part of its campaign.

Three cable co-ops in San Francisco, Detroit and Columbus, Ohio, with average $1.5 million media budgets per area, also will be image building with a 60-second spot featuring a variety of cable programming options related to various lifestyles and groups such as Nickelodeon and Discovery for children and Lifetime for women, says co-op manager Jim Cooper, exec VP at Tailford Associates in Toledo, Ohio.

"The toll-free number will still be featured in the spot, but the campaign is clearly more than a subscriber-acquisition special offer," he says.

Also planned is an acquisition campaign offering installation within 24 hours.

"It's important to keep the direct-response aspects featured," says Mr. Cooper, "because people tend to pick up the telephone and call when they see something they like." □

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Thanks, Barbara Mandrell, for delivering over 3.7 million households when you hosted TNN's All-Star Salute To Country Music. The two-hour special celebrating TNN's 7th anniversary attracted the largest combined gross audience in TNN history.*

And so, starting this spring TNN welcomes the popular family variety show, "Barbara Mandrell And The Mandrell Sisters," to our Saturday lineup at 9PM.

TNN
THE NASHVILLE NETWORK
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*Nielsen FastTrak. "TNN's All-Star Salute To Country Music." Two telecasts: Wed. March 7, 1990 9-11PM, 4.3 HH Rating and Sat. March 17, 1990 9-11PM, 3.2 HH Rating in TNN Universe. March, 1990 TNN Universe Estimate at 49,345,000 Households.

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Cable tie-in gets spicier

Pizza Hut establishes presence through link

By Russell Shaw

SELLING PIZZA WITH CABLE

Pizza Hut is about to fill a large order.

Cable programmers and Pizza Hut view their joint marketing effort for this month's observance of National Cable Month as an opportunity to cross-pollinate their loyal constituencies.

The numbers both sides bring to the effort are substantial. Nielsen reports cable penetration as of February 1990 at 57.8% with 53.2 million households. Pizza Hut estimates it serves 50 million customers a month.

Still, no conclusive research exists on the percentage of cable subscribers among Pizza Hut customers.

"Yet we do know that our stores and cable development seem to match very well in specific areas," says Claude Caylor, senior director-field marketing and media services for Pizza Hut.

"There is a heavy concentration of Pizza Hut customers in cable homes," says Frances Laufer, VP-associate media director at BBDO Worldwide, Pizza Hut's New York-based agency.

Pizza Hut will spend more than $7 million in broadcast and cable TV and print advertising on the Cable Month campaign.

A 30-second spot that features a combination of product promotion and National Cable Month information with programming highlights is tagged "TV You Gotta See."

The spots will run on 24 advertiser-supported cable networks.

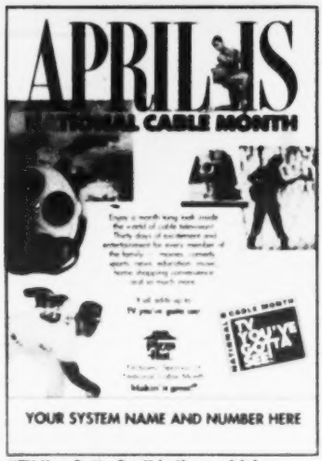
Pizza Hut will feature the National Cable Month schedule in free-standing inserts and on about 20 million placemats. Pizza Hut also will use bill stuffers with pizza discount coupons, focusing on Philadelphia, Atlanta, Albuquerque, N.M., and Rochester, N.Y.

In addition to the Pizza Hut tie-in for National Cable Month, cable operators and regional co-ops in about 80% of U.S. cable TV systems will spend an additional $20 million in promotional advertising.

Media for the campaign includes TV sections of local newspapers, outdoor boards, broadcast networks and local radio.

"More media, more lines, more copy, more advertising and all those tray covers mean we are going to be pretty broadly covered," says Margaret Durborow, president of the Cable Television Administration & Marketing Society.

On nights where pay networks are being highlighted, their signals will be unscrambled so basic viewers can sample the fare.



"TV You Gotta See" is theme driving "cable month" as Pizza Hut hopes viewers sample its fare while watching.

There is no solid research on whether this exposure alone generates new pay subscribers, but promoting pay has become essential as its subscriber levels fall. In 1989, 54.5% of U.S. cable households subscribed to one or more pay services, compared with 57.8% in 1988, according to Paul Kagan Associates.

"It [National Cable Month] is more likely going to drive connects through basic cable and pay will pick up a proportionate share of that," says McAadory Lipscomb, senior VP-corporate affairs and public relations for Showtime Networks.

Showtime's programming will be featured on April 21, including a pitch for two movies and a musical program, "Showtime Coast to Coast All Stars-Special."

The month's programming fare kicked off April 1 with "Night of the Living Gabors" on Nick at Nite/Nickelodeon.

Nickelodeon's involvement with the Pizza Hut National Cable Month promotion comes at the same time the network starts its own $20 million promotional deal with Pizza Hut. The deal calls for Pizza Hut to be a charter advertiser in *Nickelodeon* magazine, and sponsor Nickelodeon Studios at the Universal Studios theme park in Orlando.

"These are two separate deals, but the synergy is perfect, because National Cable Month occurs right around the time we are kicking off our own Pizza Hut tie-in for spring," says Richard Cronin, senior VP-marketing for Nickelodeon/Nick at Nite. "It gets more exposure to the cable industry, plus our audience and our potential audience are big pizza-eaters."

"On May 1, we want to be heroes and have the cable industry look at Pizza Hut as a real partner," Mr. Caylor says. □

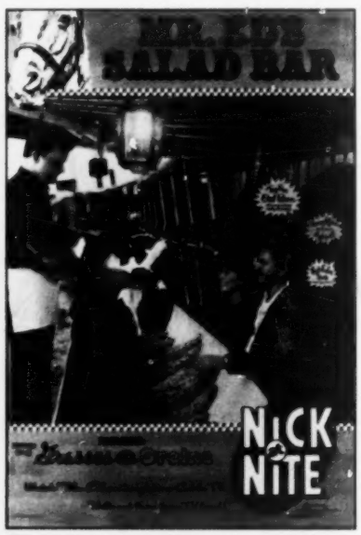
Russell Shaw is a free-lance writer based in Atlanta.

REVIEWING STAND

Cable leaders pick their favorite promotions

Getting audience involved is key

Advertising Age *asked cable promotion and marketing executives to name their favorite cable promotions other than their own.*



Nick at Nite builds on silliness for commuters to develop tune-ins.

Double Dare takes its frenetic game show on the road to 18 top markets.

CNN Newsroom got involved at the local level to head off resistance.

Rick Busciglio
VP-marketing
The Family Channel

"Nick at Nite's ads are generally lighthearted, and from what I've heard on the street, very successful. They may even be funnier than some of the programs.

"That can be a danger. How far do you go with the adjectives?"

Bo Loverlock
director-marketing and promotions
VH-1

"One goal is to bring promotion events off-channel to schools and malls. Nick at Nite is real successful with bringing the Double Dare Road Show to grammar schools. They're tangibly bringing the channel alive, bringing what they're trying to communicate on the air.

"Promotion is one of the fuels that powers the network."

Bonnie Johnson
manager-affiliate marketing
Nickelodeon

"CNN Newsroom is a good promotion just because it's working with schools and education. It boosts cable's image and brings cable into the classroom.

"In addition, Turner assists different schools to get TV sets so it can be viewed, and sends out a program to schools to tell teachers how to use the programming. I think it's really important because it answers more than that greedy need."

Michael Lerner
VP-marketing
The Weather Channel

"The Learning Channel has a nice little package with Converse. They've put together tele-clinics with Magic Johnson as the key spokesperson. That's really nice on-air promotion and something the affiliates can use."

Robin Fisher
director of promotion-Goodwill Games
Turner Broadcasting System

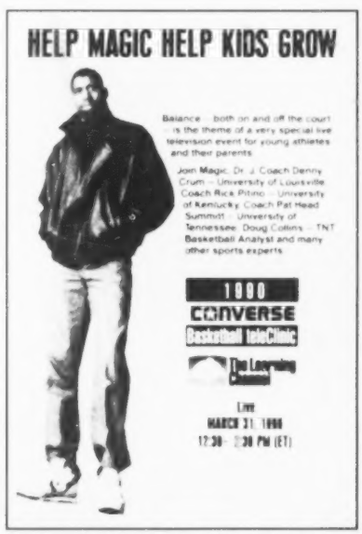
"My favorite promotion was the Corvette givaway on VH-1. That got so much press, and that's what it's all about."

Tom Lucas
VP-marketing
Financial News Network

"My favorite is the 'I want my MTV' updates. I know it works because I worked there then! It really got an audience animated about getting a new cable channel.

"I can't think of another campaign that ever generated as much awareness. It's advertising that strikes a resonant cord with the audience; people went wild."

—Steve Weinstein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Balance – both on and off the court – is the theme of a very special live television event for young athletes and their parents.
Join Magic, Dr. J, Coach Denny Crum – University of Louisville, Coach Rick Pitino – University of Kentucky, Coach Pat Head Summitt – University of Tennessee, Doug Collins – TNT Basketball Analyst and many other sports experts.
1990
CONVERSE
Basketball Tele-Clinic
The Learning Channel
LIVE
MARCH 31, 1990
12:30 – 2:30 PM (ET)

The Learning Channel went to the experts for its hoops clinic.

Dreaming of a vintage Corvette? VH-1 gave a lucky viewer all 36.

"I want my MTV" helped put the channel on the cable map.

PEOPLE TO WATCH

Leslye Schaefer now needs more than one hand to count the cable services she has helped launch over the past 10 years.

Yesterday, she watched No. 6—Ha! TV Comedy Network—blast off.

As the VP-marketing and promotion for MTV Network's Ha! since February, Ms. Schaefer, 38, describes Ha!'s promotional opportunities as being "wide open."

A veteran of MTV Music Television, The Movie Channel, Nickelodeon, Nick at Nite and VH-1, whose promotional activity she still directs, Ms. Schaefer says, "What's really fun about launching a cable channel is establishing a need and proving that it's different. . . . We succeeded very well in differentiating VH-1 and proving there was a need for another . . . video music service.

"That exercise has prepared me pretty well for what needs to be done on Ha!, particularly vis-a-vis the competition and HBO [The Comedy Channel]."

The initial goal of Ha!'s launch has been to communicate to cable operators the network's image: familiar, friendly, relaxing and funny.

A print campaign placed in cable magazines and designed by agency Fred/Alan Inc., New York, directly positions Ha!'s long-form comedy format against HBO's short-form programming. The tagline is "TV comedy that works."

Similar print ad executions are aimed at the entertainment and advertising communities, and consumer campaigns are in the works.

Also, Ms. Schaefer has borrowed a proven pre-launch strategy from Turner Broadcasting System. Use the company's resources. "We've taken advantage of cross-channel opportunites by running spots over eight weeks on MTV, VH-1 and Nickelodeon to promote the fact that Ha! was coming," she says.

Although Ha! has a clearly defined niche, the demographic target audience is broad: the 12-to-54-year-old cable viewer.

Unlike the other MTV services, Ha! targets thematically, not demographically.

"It requires a different kind of thinking, so it's going to be a very interesting challenge. Someone who likes 'Saturday Night Live,' one of our programs, might not particularly care for 'Sergeant Bilko.'

"The important thing is to pick things that are important to your audience," she says.

The VH-1 Corvette Collection Sweepstakes last fall, for example, appealed to the channel's baby-boomer audience with the generation's automotive icon. During the eight-week promotion, more than 2.2 million entries flooded into the channel's office.

Doug Goodman

Leslye Schaefer

Ms. Schaefer attributes her success in the field to having "a passion for the products and so many talented and energetic people."

While creativity is important, she places equal emphasis on managerial skills. "I have a real team style, and I make people feel like they're making a contribution to something important."

"Her personality allows her to bring together a variety of constituencies—the entertainment, advertising and cable trades—who have different objectives," says Robert Friedman, president, Playboy Entertainment Co., and her former boss at MTV Networks. "That's an important quality," he says.

Ms. Schaefer says her ambition is to simply "progress."

But after a moment she reconsiders. "I guess that I do have a goal: I'd love to own a TV station . . . a radio station . . . a cable system."

—*Sally Fennell Robbins*

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Kansas City, MO-Hobbs, NM

CNN/Headline News

($ in millions)

	1990*	1989	1988
Gross advertising revenue	214.2	186.3	143.0
Programming expenses	165.0	152.0	117.0

*Estimated

Top shows for 1990	Cable HH	Rating
1. "Larry King"	1.3 mill.	2.3
2. "Style"	1.1 mill.	2.0
3. "The Big Story"	1.0 mill.	1.8
4. "Crossfire"	940,000	1.7
5. "Prime News"	830,000	1.5

New shows or specials scheduled for 1990: "The State of American Education"; "NewsAge"; "CNN News Quiz"; "Earthmatter—Environment Series"; "Focal Point."
Percentage of shows that are original programming: 100%

TNN (Group W Satellite Communications)

($ in millions)

	1990*	1989	1988
Gross advertising revenue	96.9	83.5	72.5
Programming expenses	76.0	66.0	55.0

*Estimated

Top shows for 1990	Cable HH	Rating
1. "Bass Masters"	658,000	1.5
2. "Bill Dance Outdoors"	658,000	1.5
3. "Nashville Now"	676,000	1.4
4. "Grand Ole Opry Live"	676,000	1.4
5. "In-Fisherman Angling Adventure"	624,000	1.4

New shows or specials scheduled for 1990: "Video Morning"; "Texas Connection"; "American Music Shop"; "NARA Today"; "Firestone Firehawk Endurance Championship"; "21st Annual Dove Awards"; "TNN Music City News Country Awards"; "Dinah Comes Home Again"; "Fairs & Festivals"; "Celebrities Offstage."
Percentage of shows that are original programming: 100%

ESPN

($ in millions)

	1990*	1989	1988
Gross advertising revenue	228.8	176.0	147.0
Programming expenses	208.0	155.0	140.0

*Estimated

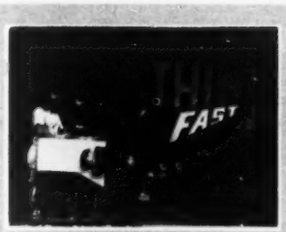
Top shows for 1990	Cable HH	Rating
1. NFL	5.2 mill.	10.2
2. CFA Football	1.9 mill.	3.4
3. College Hoops	1.2 mill.	2.1
4. "NFL Game Day"	1.4 mill.	2.6
5. "NFL Prime Time"	2.0 mill.	3.5
6. "Sports Center"	758,000	1.4

New shows or specials scheduled for 1990: Major League Baseball; "Baseball Tonight."
Percentage of shows that are original programming: More than 5,000 hours of original programming in 1990.

Top 10 networks: Why they're hot wired

From 'Bass Masters' to World Cup, cable's biggest hitters find the right mix to build audience, revenues

Sources: Cable TV households and ratings: cable networks; advertising revenues and programming expenses: Paul Kagan Associates



Nickelodeon

($ in millions)

	1990*	1989	1988
Gross advertising revenue	73.8	57.0	35.0
Programming expenses	54.0	42.5	33.0

*Estimated

Top shows for 1990	Cable HH	Rating
NA		

New shows or specials scheduled for 1990: "Nickelodeon News"; "SKB TV"; "Wild & Crazy Kids"; "Think Fast"; "Family Double Dare."
Percentage of shows that are original programming: 65%

USA Network

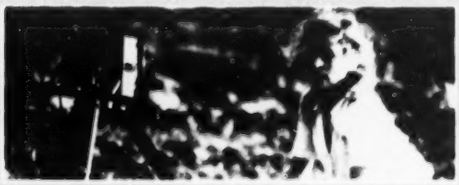
($ in millions)

	1990*	1989	1988
Gross advertising revenue	199.4	153.4	109.6
Programming expenses	149.0	121.0	84.0

*Estimated

Top shows for 1990	Cable HH	Rating
1. "Fire & Rain"	2.6 mill.	5.3
2. "Murder by Night"	2.5 mill.	5.2
3. "The Haunting of Sarah Hardy"	2.4 mill.	4.9
4. "USA Thursday Night Fights"	2.2 mill.	4.6
5. "Trapped"	2.2 mill.	4.6

New shows or specials scheduled for 1990: "Not a Penny More, Not a Penny Less"; "World Premiere Movies"; "Swamp Thing."
Percentage of shows that are original programming: 40%



TNT

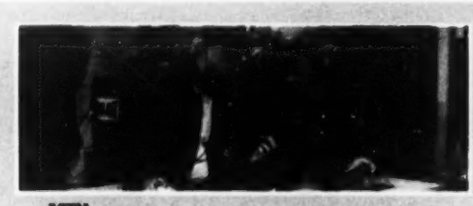
($ in millions)

	1990*	1989	1988
Gross advertising revenue	14.5	6.5	0.6
Programming expenses	118.0	58.0	10.0

*Estimated

Top shows for 1990	Cable HH	Rating
1. "How the Grinch Stole Christmas" (12/18)	NA	5.7
2. "NBA All Star Saturday"	NA	5.6
3. "How the Grinch Stole Christmas" (12/9)	NA	5.5
4. "Cold Sassy Tree"	NA	5.3
5. "Margaret Bourke-White"	NA	5.1

New shows or specials scheduled for 1990: "Cosmos"; "The Last Elephant"; "World Cup"; "The Lost Capone"; NBA playoffs.
Percentage of shows that are original programming: 10%



MTV

($ in millions)

	1990*	1989	1988
Gross advertising revenue	106.6	92.4	80.0
Programming expenses	65.0	56.0	42.5

*Estimated

Top shows for 1990	Cable HH	Rating
1. "Yo! MTV Raps"	NA	NA
2. "Just Say Julie"	NA	NA
3. "This Week in Rock"	NA	NA
4. "Remote Control"	NA	NA
5. "Club MTV"	NA	NA

New shows or specials scheduled for 1990: "Kevin Seal: Sporting Fool"; "BUZZ"; "The Ben Stiller Show"; "Colin Quinn's Manly World"; "Pirate TV."
Percentage of shows that are original programming: NA

TBS**

($ in millions)

	1990*	1989	1988
Gross advertising revenue	297.4	265.3	250.0
Programming expenses	132.0	121.0	105.0

*Estimated

Top shows for 1990	Cable HH	Rating
1. NBA playoffs—May 31	4.0 mill.	8.2
2. "Gone With the Wind"	4.1 mill.	8.0
3. NBA playoffs—May 23	3.8 mill.	7.6
4. NBA playoffs—May 16	2.8 mill.	5.7
5. NBA playoffs—May 19	2.7 mill.	5.6

New shows or specials scheduled for 1990: "National Geographic Explorer" segments; "Uncut Gem"; "Cousteau" specials.
Percentage of shows that are original programming: 20%
**Includes Atlanta station market revenue.

Lifetime

($ in millions)

	1990*	1989	1988
Gross advertising revenue	102.4	87.1	68.2
Programming expenses	62.0	48.0	42.0

*Estimated

Top shows for 1990	Cable HH	Rating
1. "Women of the Night"	719,000	1.6
2. "Saturday Movie"	665,000	1.5
3. "Diana: A Princess Story"	617,000	1.5
4. "Ask Me Anything"	656,000	1.4
5. "Against Her Will"	617,000	1.2

New shows or specials scheduled for 1990: "Rodeo Drive"; "Supermarket Sweep"; "Don't Divorce the Children"; "PRO-VOICE 1990"; "Quiet on the Set! Behind the Scenes at 'Molly Dodd.' "
Percentage of shows that are original programming: 43%

CBN/Family Channel

($ in millions)

	1990*	1989	1988
Gross advertising revenue	79.8	69.6	55.3
Programming expenses	36.0	31.0	25.0

*Estimated

Top shows for 1990	Cable HH	Rating
1. "Bonanza: The Lost Episodes"	1.1 mill.	2.6
2. "Gunsmoke"	976,000	2.2
3. "Bordertown" (original)	851,000	1.9
4. "Wagon Train"	786,000	1.8
5. "Rin Tin Tin K-9"	678,000	1.5

New shows or specials scheduled for 1990: "Zorro"; "Big Brother Jake"; "T & T"; "Inspector Gadget"; "Healthy Kids."
Percentage of shows that are original programming: 30%

A penny saved is a penny spent

By Scott Hume

CHICAGO—Consumers will change their shopping habits and brand preferences to take advantage of promotions, especially those that cut purchase prices or provide rebates.

That's one conclusion from a study on consumer attitudes toward sales promotion tactics, conducted for the Promotion Marketing Association of America by United Marketing Services.

Major findings from the study were presented last month at PMAA's "Update '90" conference.

The survey was conducted by phone in late 1989 among 500 people who said they were the primary shoppers in their household and who had participated in some type of sales promotion.

To make the group nationally projectable, 85% of participants were women. Of the total panel, most (39%) were 35 to 54; 30% were 18 to 34; 31% were 55 or older. In terms of household income, 33% were at less than $25,000; 36% reported $25,000 to $44,999; and 31% were greater than $45,000.

Manufacturers' coupons are the most popular of the four promotions studied, with 98% of respondents saying they had used at least one coupon on a purchase in the previous six months. Rebates were second (54% used them), followed by sweepstakes (26%) and premiums (17%).

Eight of 10 people surveyed (82%) said they regularly check newspaper ads for coupons, and nearly half (47%) said they also look for the other three types of promotional offers.

The survey found that in addition to being the most popular, coupons have the most influence on buying habits and brand switching.

Asked if they ever bought a new product they hadn't tried simply because of a promotional offer, 70% said they had done so because of a coupon offer. Premium offers had enticed 40% of respondents, while 20% had fallen for a sweepstakes offer and 38% had been lured by a rebate.

Coupons also proved to be the most compelling promotional lure for causing consumers to change brands within a product category. Almost three out of four respondents said a coupon had caused them to switch at least once in the previous six months. Half said a rebate had made them fickle, while 40% were enticed by a premium and 20% switched brands for a sweepstakes offer.

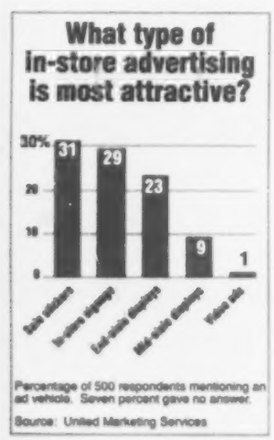
And which product categories are most vulnerable to brand switching because of an offer? More than 60% of respondents said batteries.

Brand loyalty also was weak for several other product categories. In coffee, personal appliances, shampoo and toothpaste, more than half said they are likely to switch brands because of promotional offers.

How much trouble will consumers go to for a promotion? That depends on the size of the potential reward, the study found.

For example, 56% of the consumers polled said they'd be willing to send in a single proof of purchase for a $1 rebate, and 38% said they'd go so far as to collect and send multiple proofs. For a $2 rebate the percentages rise to 70% and 52%, respectively. For $5, 86% would send a single proof and 76% would send multiples.

Consumers are less likely to spend extra time than extra money. Only 16% said they would travel an extra 10 minutes when shopping to take advantage of a $1 rebate; 5% said they'd go 20 minutes out of their way. But for a $5 rebate, more than half (58%) would spend an extra 10 minutes, 26% an extra 20 minutes. □



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Liquor industry takes another hit in volume

By John C. Maxwell Jr.

Liquor sales volume dropped an estimated 2.7% last year, and consumption is expected to continue falling as people remain health-conscious.

Despite the downturn, the results are still better than 1988, when sales dropped 6.1%.

In 1989, the total whiskey segment declined an estimated 4.1%, yet imported vodkas were up 18%, and tequilas rose an estimated 5%.

Overall, white spirits are expected to continue to outperform brown spirits in 1990.

The top 10 liquor brands (ranked by case volume) welcomed a new entry last year. Carillon Importers' Absolut vodka moved from No. 18 in 1988 to No. 10, advancing 38.9% and displacing Schenley Industries' Gordon's gin. Bacardi rum remained No. 1, holding its 5.1% share of the market despite a case volume decline of 1.8%. Jim Beam bourbon moved to fifth from sixth on a volume increase of 0.8%, and Seagram's gin moved to sixth from eighth on a unit gain of 2.8%.

There was one newcomer on the list of 34 brands estimated to have sold 1 million cases or more: Paddington Corp.'s Baileys Irish Cream holds the 34th position with 1 million cases.

Among liquor marketers, Seagram Co. continues to hold the top spot with a 14% share, though with a much narrower margin than in 1988, when it had 14.5%. No. 2 Heublein gained significantly with an estimated 13.8% share in 1989, up from 12.5% in 1988. Heublein got help from its acquisition of Christian Brothers' brandy and wines.

Bacardi Corp. (6.6% share) moved up to the No. 6 position on a 0.9% percentage-point gain, primarily due to the success of its Bacardi Breezers, a spirits cooler introduced in 1988. No. 11 Carillon was another big gainer last year, up to 2.2% from its earlier 1.5% share, due primarily to Absolut.

The industry will continue to face a number of challenging issues this year. A proposed tax increase in California to fund alcohol and drug rehabilitation programs would add $6.40 per gallon to alcoholic beverages. Since California is the nation's largest market for alcoholic beverages (on a state-by-state basis), its actions could be the start of a nationwide movement.

Other issues that will be widely discussed this year are proposals for limitations on alcoholic beverage advertising, the implementation of warning labels on alcoholic beverages and a federal excise tax. □

Mr. Maxwell is an analyst with Wheat, First Securities, Richmond, Va.

Top-selling liquor brands

Domestic depletions of brands selling more than 1 million cases. Units in thousands of 9-liter cases.

1989	1988	Brand	Company	1989*	Market share	1988	Market share	% chg
1	1	Bacardi	Bacardi Imports	8,000	5.1%	8,150	5.1%	(1.8)
2	2	Smirnoff	Heublein (IDV/GM)	7,823	5.0	7,815	4.9	0.1
3	3	7 Crown	Seagram Co.	4,380	2.8	4,440	2.8	(1.4)
4	4	Popov	Heublein (IDV/GM)	4,156	2.7	4,111	2.6	1.1
5	6	Jim Beam	Jim Beam Brands (AB)	3,715	2.4	3,685	2.3	0.8
6	8	Seagram's gin	Seagram Co.	3,700	2.4	3,600	2.2	2.8
7	5	Canadian Mist	Brown-Forman Corp.	3,610	2.3	3,754	2.3	(3.8)
8	7	Jack Daniel's	Brown-Forman Corp.	3,521	2.3	3,419	2.1	3.0
9	9	V.O.	Seagram Co.	2,500	1.6	2,500	1.6	—
10	18	Absolut	Carillon Importers (IDV/GM)	2,500	1.6	1,800	1.1	38.9
11	12	Canadian Club	Walker (HWI)	2,365	1.5	2,350	1.5	0.6
12	10	Gordon's gin	Schenley (G)	2,360	1.5	2,425	1.5	(2.7)
13	11	Dewar's	Schenley (G)	2,320	1.5	2,350	1.5	(1.3)
14	13	Gordon's vodka	Schenley (G)	2,271	1.5	2,205	1.4	3.0
15	17	Jose Cuervo	Heublein (IDV/GM)	2,064	1.3	1,830	1.1	12.8
16	14	Windsor Supreme	Jim Beam Brands (AB)	2,000	1.3	2,200	1.4	(9.1)
17	15	Black Velvet	Heublein (IDV/GM)	1,949	1.3	1,900	1.2	2.6
18	16	J&B Rare	Paddington (IDV/GM)	1,820	1.2	1,895	1.2	(4.0)
19	19	Kahlua	Walker (HWI)	1,760	1.1	1,750	1.1	0.6
20	20	Kamchatka	Jim Beam Brands (AB)	1,700	1.1	1,725	1.1	(1.4)
21	28	Crown Royal	Seagram Co.	1,450	0.9	1,330	0.8	9.0
22	22	Tanqueray	Schieffelin & Somerset	1,382	0.9	1,354	0.8	2.1
23	21	Ancient Age	Ancient Age	1,358	0.9	1,372	0.9	(1.0)
24	24	Gilbey's vodka	Jim Beam Brands (AB)	1,350	0.9	1,330	0.8	1.5
25	23	Early Times	Brown-Forman Corp.	1,344	0.9	1,321	0.8	1.7
26	25	Southern Comfort	Brown-Forman Corp.	1,327	0.9	1,305	0.8	1.7
27	27	Kessler	Seagram Co.	1,200	0.8	1,250	0.8	(4.0)
28	33	Lord Calvert	Seagram Co.	1,200	0.8	1,200	0.7	—
29	30	Skol	Glenmore Distillers	1,200	0.8	1,160	0.7	3.4
30	29	Johnnie Walker Red	Schieffelin & Somerset	1,166	0.7	1,210	0.8	(3.6)
31	26	Gilbey's gin	Jim Beam Brands (AB)	1,165	0.7	1,300	0.8	(10.4)
32	31	Beefeater	Buckingham Wile (AL)	1,100	0.7	1,130	0.7	(2.7)
33	34	Wolfschmidt	Seagram Co.	1,000	0.6	1,080	0.7	(7.4)
34	—	Bailey's Irish Cream	Paddington (IDV/GM)	1,000	0.6	975	0.6	2.6

*Estimated. Key to parent corporations: **(AB)** American Brands; **(IDV/GM)** IDV/Grand Metropolitan; **(HWI)** Hiram Walker Inc.; **(G)** Guinness; **(AL)** Allied Lyon. Source: John C. Maxwell Jr.

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Tequila—it's everywhere

Jose Cuervo effort shoots for margarita tie

By Patricia Winters

Jose Cuervo Especial tequila is moving to Margaritaville.

Beginning in May, Heublein's entire Jose Cuervo summer campaign is dedicated to the margarita—one of the top mixed drinks in the country. The company spends about $4 million annually on Cuervo.

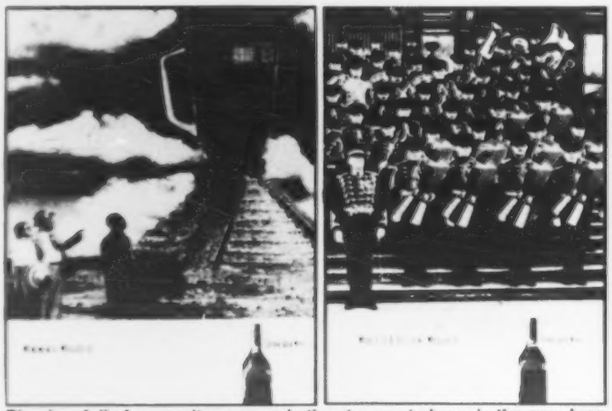
Heublein has even come up with its own margarita mneumonic, "Mo[illegible]mental margarita," that is used as a small type headline. The ads feature old b&w photographs in which electric blenders filled with bright gold Margaritas ubiquitously pop up in the strangest places.

In one ad, the blenders make their way atop an ancient ruin in Mexico. In another, blenders are the instruments in a brass band. The tagline is "Cuervo gold makes it."

"It's all part of the fun that blenders of margaritas pop up where you least expect them," said Steve Moss, Cuervo marketing director.

The campaign was created by Young & Rubicam, New York, which lost all of Heublein's estimated $15 million-to-$17 million account effective June 15 (AA, March 26).

A new agency hasn't been assigned yet, although Mr. Moss said the company intends to continue the "Monumental margarita" theme and plans several major promotions in the fourth quarter via Focus Marketing, Norwalk, Conn., Cuervo's sales promotion agency.



Blenders full of margaritas pop up in the strangest places in the new Jose Cuervo Especial tequila "Monumental margaritas" campaign.

While Heublein dropped its old tagline, "Ain't no mirage," the new campaign continues Cuervo's "irreverent, off-center personality," Mr. Moss said.

The new effort breaks in some 20 regional and national magazines, including *Esquire*, *GQ*, *Rolling Stone* and *Cosmopolitan*. Outdoor breaks the week of April 16 in select markets nationally.

By far the biggest use for tequila is as an ingredient in margaritas. Indeed, the drink's popularity has helped give acceptability to the bad-boy image of tequila.

The tequila market grew 3% to an estimated 4.3 million cases in 1989, making it one of just a handful of growing markets in the declining distilled spirits industry, reported *Market Watch*, a trade publication.

Even Mr. Moss conceded that not all margaritas are made with Cuervo. Still, as the market leader, increased Margarita consumption typically means increased Cuervo sales.

Cuervo case volume grew 11% to 1.8 million cases, and had a 42% market share. Domecq Importers' Sauza tequila followed with a 12.8% share, with 550,000 cases, representing a 10% increase from 1988, *Market Watch* reported. □